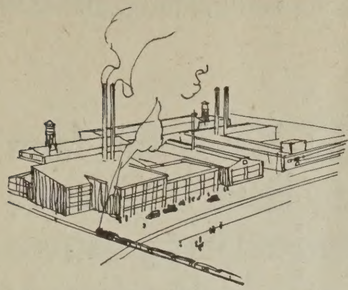
SEVENTH ANNUAL REVIEW

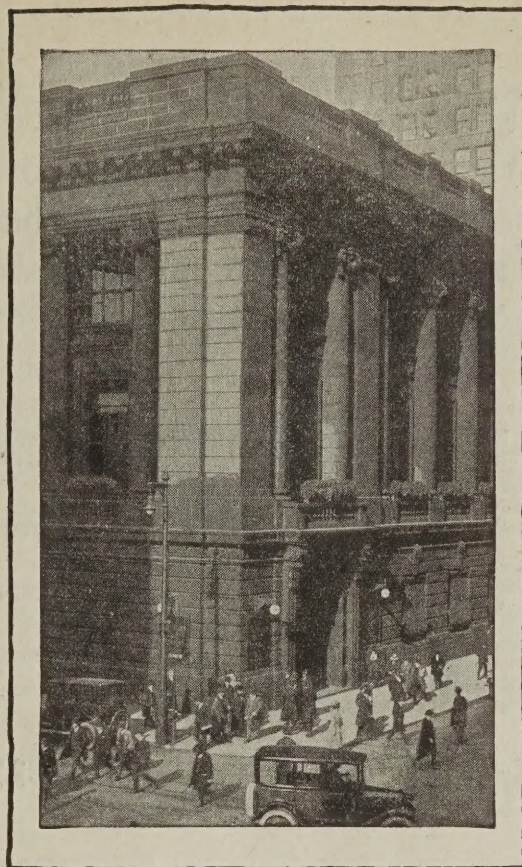
PUBLIC UTILITIES

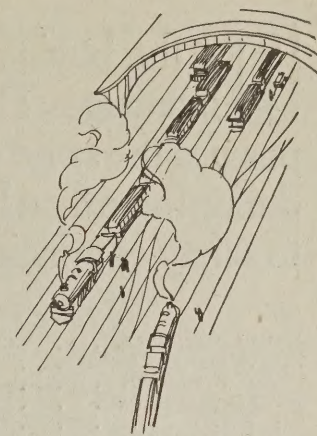
Two Parts **INVESTMENT NEWS** *Part II*

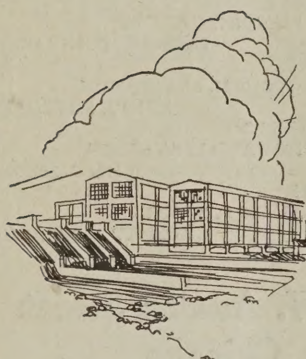
A Weekly Financial Journal Devoted to Investments, Commerce and Business

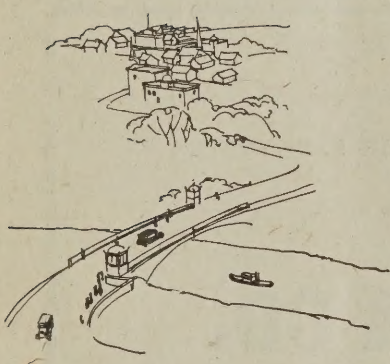
108 South La Salle Street CHICAGO, ILL. December 31, 1921

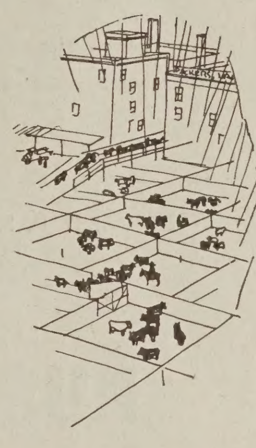


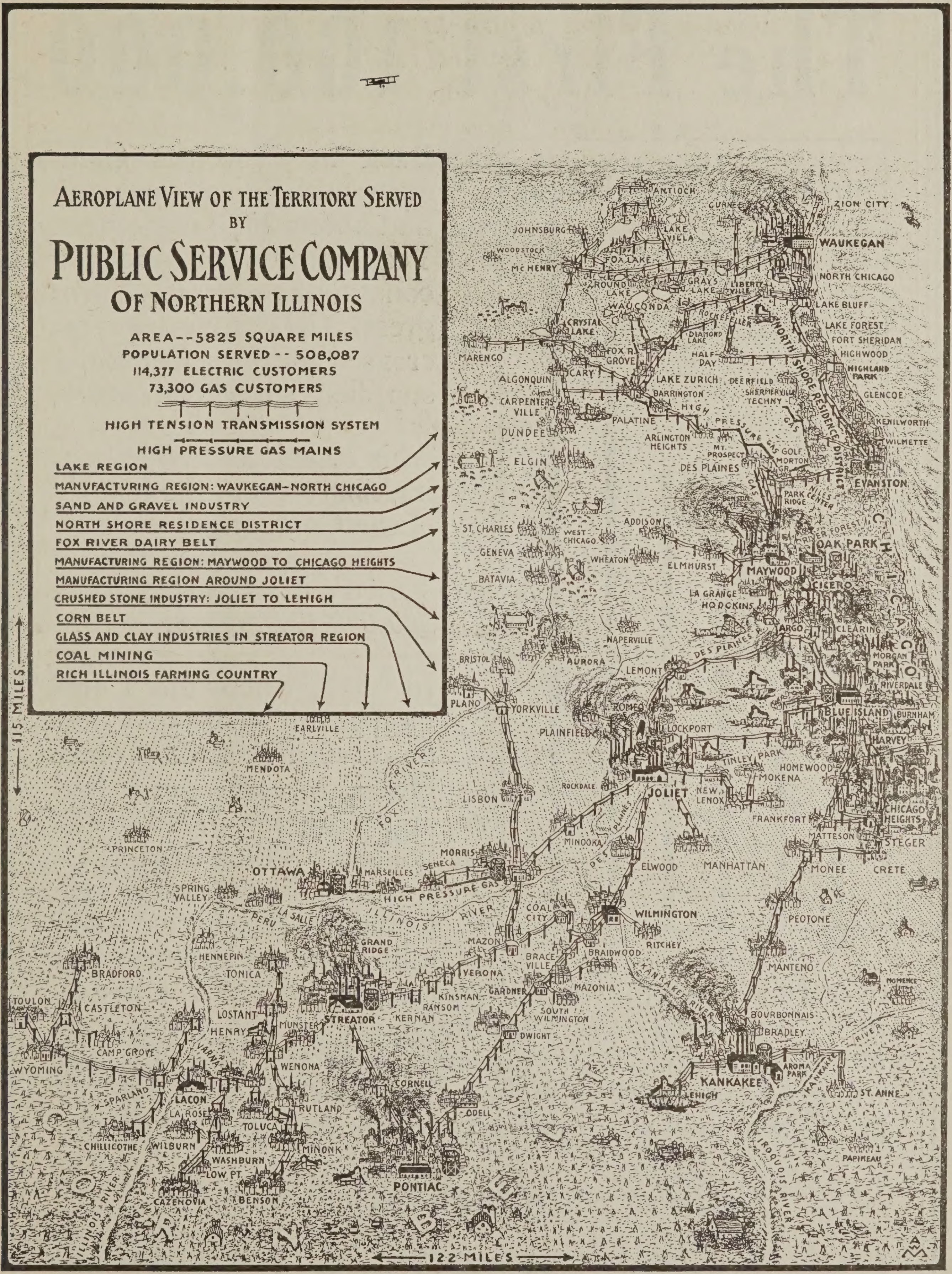


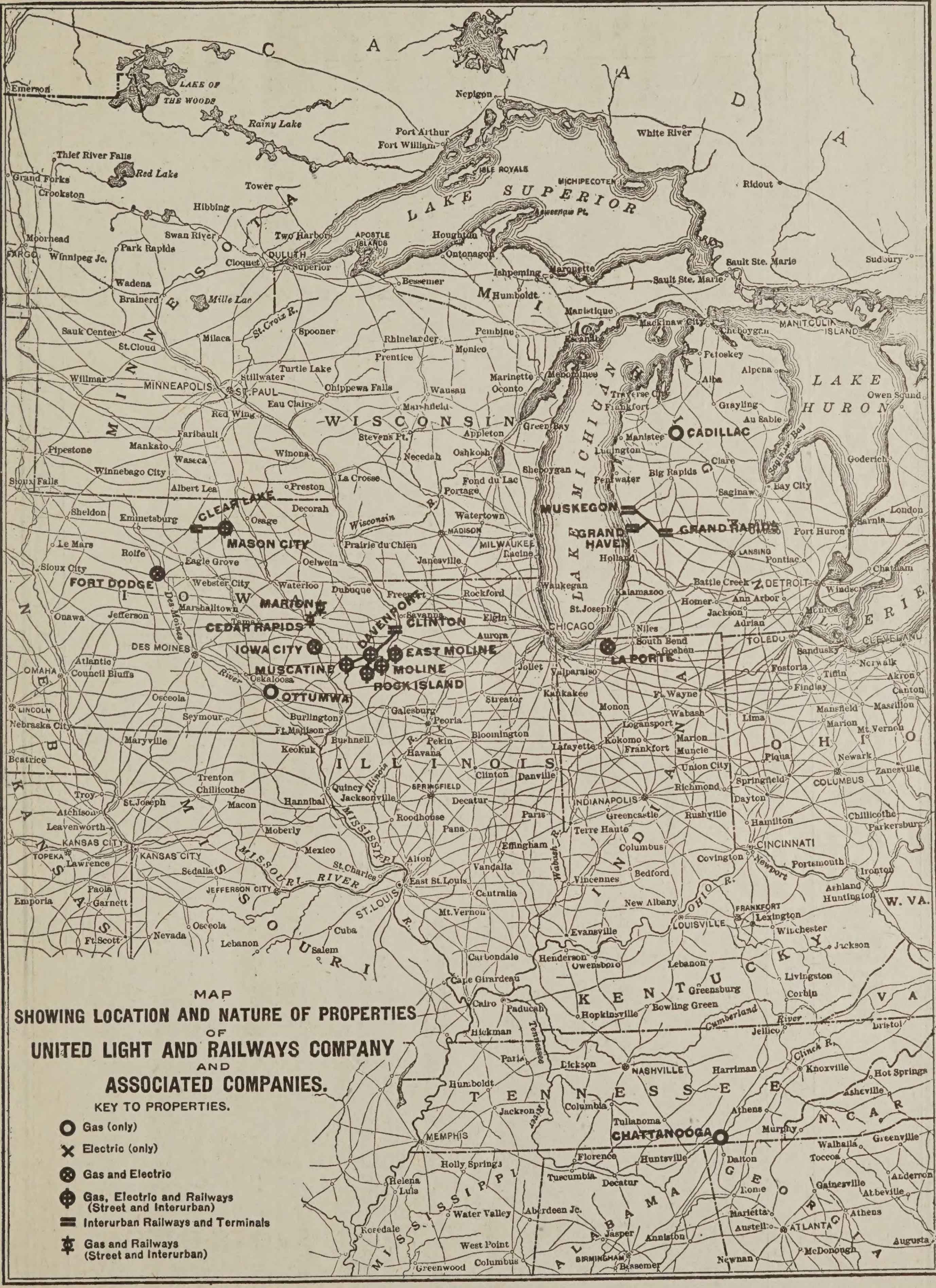









AEROPLANE VIEW OF THE TERRITORY SERVED
BY
PUBLIC SERVICE COMPANY
OF NORTHERN ILLINOIS
AREA--5825 SQUARE MILES
POPULATION SERVED -- 508,087
114,377 ELECTRIC CUSTOMERS
73,300 GAS CUSTOMERS
HIGH TENSION TRANSMISSION SYSTEM
HIGH PRESSURE GAS MAINS
LAKE REGION
MANUFACTURING REGION: WAUKEGAN-NORTH CHICAGO
SAND AND GRAVEL INDUSTRY
NORTH SHORE RESIDENCE DISTRICT
FOX RIVER DAIRY BELT
MANUFACTURING REGION: MAYWOOD TO CHICAGO HEIGHTS
MANUFACTURING REGION AROUND JOLIET
CRUSHED STONE INDUSTRY: JOLIET TO LEHIGH
CORN BELT
GLASS AND CLAY INDUSTRIES IN STREATOR REGION
COAL MINING
RICH ILLINOIS FARMING COUNTRY
115 MILES
122 MILES
ANTIOCH
ZION CITY
WAUKEGAN
NORTH CHICAGO
LAKE BLUFF
LAKE FOREST
FORT SHERIDAN
HIGHWOOD
HIGHLAND PARK
GLENCOE
KENILWORTH
WILMETTE
EVANSTON
OAK PARK
CICERO
MAYWOOD
NORTH SHORE RESIDENCE DISTRICT
JOHNSBURG
WOODSTOCK
MCHENRY
FOX LAKE
ROUND LAKE
GRAYS LAKE
LIBERTYVILLE
WAUCONDA
CRYSTAL LAKE
FOX R. GROVE
MARENGO
ALGONQUIN
CARY
LAKE ZURICH
DEERFIELD
BARRINGTON
CARPENTERSVILLE
PALATINE
ARLINGTON HEIGHTS
DES PLAINES
DUNDEE
ELGIN
ST. CHARLES
GENEVA
BATAVIA
WEST CHICAGO
WHEATON
ADDISON
ELMHURST
LA GRANGE
HODGKINS
ARGO
CLEARING
MORGAN PARK
RIVERDALE
BLUE ISLAND
BURNHAM
HARVEY
NAPERVILLE
AURORA
LEMONT
BRISTOL
PLANO
YORKVILLE
ROMEO
LOCKPORT
PLAINFIELD
TINLEY PARK
HOMEWOOD
MOKENA
JOLIET
NEW LENOX
FRANKFORT
CHICAGO HEIGHTS
STEGER
MATTESON
EARLVILLE
MENDOTA
LISBON
ROCKDALE
MINOOKA
ELWOOD
MANHATTAN
MONEE
CRETE
PRINCETON
OTTAWA
MARSEILLES
SENECA
MORRIS
SPRING VALLEY
PERU
LA SALLE
HIGH PRESSURE GAS
ILLINOIS RIVER
COAL CITY
WILMINGTON
PEOTONE
GRAND RIDGE
MAZON
BRAIDWOOD
RITCHEY
HENNEPIN
BRADFORD
TONICA
VERONA
BRACEVILLE
MANTENO
TOULON
CASTLETON
LOSTANT
KINSMAN
RANSOM
GARDNER
MAZONIA
KANKAKEE RIVER
HENRY
MUNSTER
STREATOR
KERNAN
SOUTH WILMINGTON
BOURBONNAIS
BRADLEY
DWIGHT
CAMP GROVE
WYOMING
WENONA
CORNELL
KANKAKEE
AROMA PARK
ST. ANNE
LACON
SPARLAND
LA ROSE
RUTLAND
LEHIGH
TOLUCA
ODELL
CHILLICOTHE
WILBURN
WASHBURN
MINONK
PAPINEAU
LOW PT.
PONTIAC
CAZENOVIA
BENSON
IROQUOIS RIVER



MAP
SHOWING LOCATION AND NATURE OF PROPERTIES OF UNITED LIGHT AND RAILWAYS COMPANY AND ASSOCIATED COMPANIES.

Middle West Utilities Company

SUBSIDIARY COMPANIES	STATE	No. of Communities Served	Electric	DIFFERENT CLASSES OF SERVICE Gas	Water	Ice	Heat	Railway	Estimated Population Served
Central Illinois Public Service Company	Illinois	188	187	8	12	12	5	7	356,300
Illinois Northern Utilities Company / Sterling, Dixon & Eastern Electric Ry. Co.	Illinois	72	70	9			1	2	135,900
McHenry County Light & Power Co.	Illinois	2	2						1,500
Interstate Public Service Company / Indianapolis & Louisville Traction Ry. Co.	Indiana	44	43	12	8		1	5	178,300
Southern Indiana Power Company	Indiana	3	3						2,500
Kentucky Utilities Company	Kentucky	34	34	1	6	8		1	84,000
Kentucky Light & Power Company	Kentucky	5	5		1	1			13,900
Electric Transmission Co. of Virginia	Virginia	5	5						6,500
Citizens Gas Light Company	Tennessee	1		1					19,600
American Public Service Company	Okla. & Texas	23	22	2	1	17		2	109,500
Public Service Company of Oklahoma	Oklahoma	11	10			6			127,800
Chickasha Gas & Electric Company	Oklahoma	3	3	1					13,900
Missouri Gas & Electric Company	Missouri	10	9	2		1			24,200
Central Power Company	Nebraska	15	15	1		1			30,100
Nebraska City Utilities Company	Nebraska	1	1	1	1				6,900
Southern Wisconsin Electric Co.	Wisconsin	10	10						13,500
North West Utilities Company	Wisconsin	36	36	3	1		2		58,000
Michigan Gas & Electric Company	Michigan	21	18	6				1	61,700
Twin State Gas & Electric Company / Berwick & Salmon Falls Electric Co.	New England	47	47	3				1	120,000
	Total	531	520	50	30	46	9	19	1,364,100

United Light & Railways Company

"The past year has accentuated the inherent stability of Public Utility business as a class. The Public Utilities have come satisfactorily through a year of general depression. During the year progress has been made by the various groups affected by the industry—operators, investors, and the public served—toward a more complete realization of the fundamental unity of their interests. * * * All these factors have tended to increase the public confidence in the industry and Public Utility Securities are returning to their old favor with investors."—Extract from report of Mr. H. M. Addinsall, Chairman of the Committee on Public Service Securities, Investment bankers Association.

FUNDAMENTAL UNITY OF INTEREST

"UNITED SERVICE," the slogan adopted by United Light & Railways Company, has been made familiar to NEARLY FOUR THOUSAND NEW STOCKHOLDERS within the past twelve months.

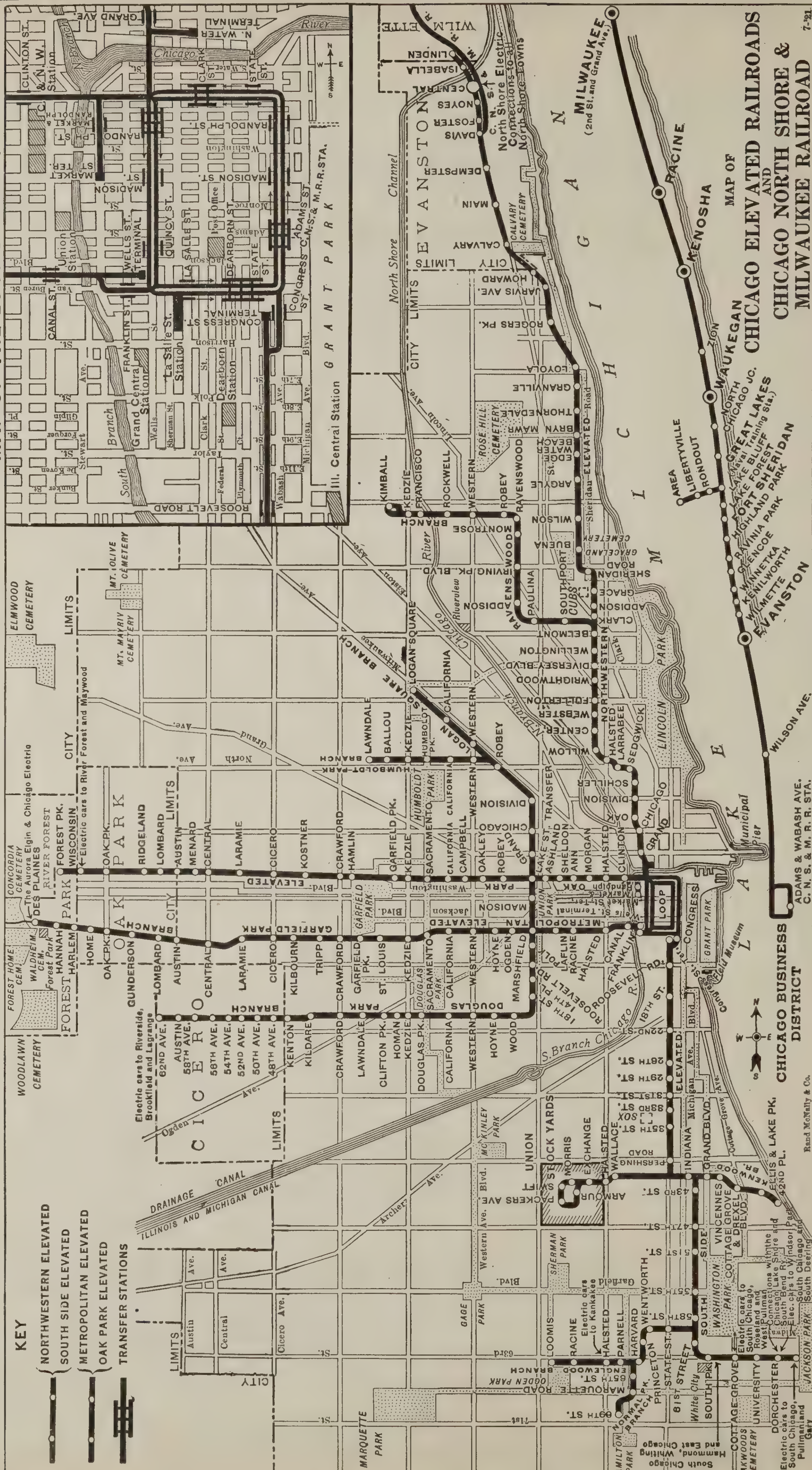
ALMOST FOUR THOUSAND residents of the cities served by the Operating Companies under the management of United Light & Railways Company have become PARTNERS IN THE BUSINESS during the year. They have purchased more than a million dollars of the Preferred Stock. Included in this total of new stockholders are more than eight hundred employes.

EMPLOYES AND CUSTOMERS

When these two classes join with those who operate and manage the business in a financial partnership, is a good time for the general investor to join in and reap the benefit.

United Light & Railways Company 6% First Preferred and Common Stocks are listed on the Chicago Stock Exchange and are now in an active market.

—C—H—I—C—A—G—O—



—E—L—E—V—A—T—E—D—

Map of the Territory Served by the

Western United Gas and Electric Company

A SUBSIDIARY OF

Western United Corporation

Showing Pipe Lines

Scale: 7 Miles to One Inch

W. W. ARMSTRONG COMPANY

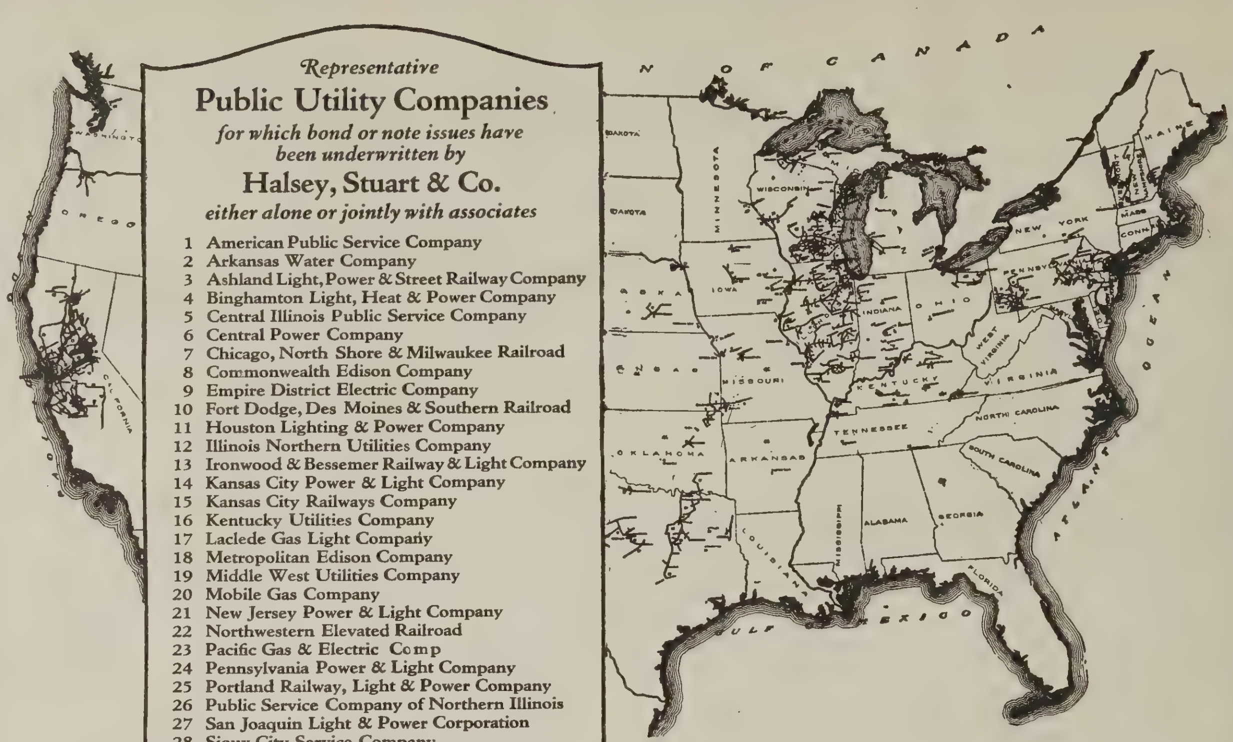
INVESTMENT BONDS

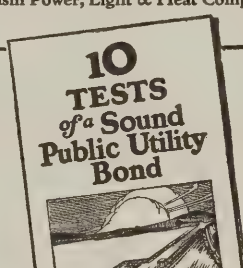
18 Fox Street

AURORA - ILLINOIS

"Serving without competition, eighty-seven (87) cities and towns in Northern and Southern Illinois adjacent to Chicago."

Complete reports of the Western United Corporation and Subsidiaries on page 80 of this issue.

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TESTS
of a Sound
Public Utility
Bond

Some of the Leading Features

IN THE

Seventh Annual Review of Public Utilities

Published as a Supplement to Investment News

December 31, 1921

INDEX

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BRIEF REVIEW OF FINANCIAL SITUATION OF THE LEADING UTILITY CORPORATIONS IN CHICAGO AND THE MIDDLE WEST, INCLUDING MAPS OF THE PUBLIC SERVICE CO. OF ILLINOIS, UNITED LIGHT & RAILWAYS CO., ILLINOIS NORTHERN, CENTRAL ILLINOIS, MISSISSIPPI RIVER POWER, WESTERN UNITED GAS & ELECTRIC, CHICAGO, NORTH SHORE & MILWAUKEE ELECTRIC R. R., CHICAGO ELEVATED, ST. CLOUD PUBLIC SERVICE CO., ETC.

Special Articles by Noted Writers

PUBLIC UTILITIES

Year's Reviews of Companies

CHICAGO, DECEMBER 31, 1921

1922 OPENS AUSPICIOUSLY FOR THE PUBLIC UTILITIES

FOR the seventh consecutive year Investment News takes pride in offering this special section to its readers. It does so conscious that it is rendering a real public service. There is nothing in our modern life that is more important to the communities than the services rendered by the Public Utility corporations that supply light, heat and power to millions. These three essentials of modern days have become positive, absolute necessities, without which business would languish, comforts vanish and progress halt. No one wants to return to the days of candle lighting; no one wants to see the slow plodding horses wearily drag antiquated, uncomfortable street cars, unheated, to transport them to and from their work.

Life is progress, and progress is contentment and happiness. To the wonderful development of the Utilities much of the progress achieved in the past ten years is unquestionably due. And the Utilities are still in their infancy. That they will further expand and develop in coming years, no intelligent student of economic conditions can deny. The rapidity of their expansion will be measured by the fair, considerate and intelligent treatment which they will receive at the hands of the State commissions that supervise them. Already they are receiving far better treatment than was formerly accorded them. Much progress has been made in that direction during the past year. More should take place in 1922.

In our annual review of public utilities one year ago the belief was expressed that the corporations serving the communities with light, heat and power, were on the threshold of a prosperous period. The results of the year just past have justified that prediction. Elsewhere the reports of Directors of Committees on public utility information from half a score of middle western states will be found. They should be read particularly by subscribers to this paper, who without exception are users in some form of the service given by these corporations. It is particularly gratifying that without a single exception these men take a most cheerful view of the future of the industry, and of the changing attitude on the part of intelligent communities to the utility corporations.

Probably the greatest influence operating in that direction comes from the extension of ownership of public utility securities, stocks and bonds, among customers, the so-called customer ownership plan. Between that and the excellent work performed by the committees on public utility information, the greatest educational good is done, which in time will be fruitful of excellent and far reaching results. The consumer of service, be it light, heat or transportation, who is made a co-partner in the things which he needs daily, is bound soon or late to look at these services rendered him in an altogether different light from that which is antagonistic, but perfectly natural, if he has no interest in them. The average man in business knows that in order to continue in business, he must sell his wares at a profit; and if he be a wage earner he knows that whatever wages he receives, they must be sufficient and liberal enough to enable him to live in comfort with a little left after meeting all his obligations to put aside for a rainy day.

In the case of the Utilities they cannot function properly, much less improve and expand, if they are starved to death. And for a time many of them were starved almost to death.

The nickel fare was probably enough in the old days when labor was paid low wages; indeed many utility operators will frankly admit that ten or a dozen years ago many corporations in this country managed to pay dividends only by practically starving labor. Wages of 18 to 20 cents an hour were common; later these were raised to 30 and 35 cents an hour. Today the average wage of conductors and motormen is probably nearer 60 cents an hour. With such wages any intelligent man can see that a nickel fare proper and sufficient years ago is entirely out of the question now, for the larger part of the nickel goes to labor. Hence it is that State commissions have permitted higher fares, in some instances as high as 10 cents; in the majority of cases still ranging between seven and eight cents. It is a pity, of course, that street car patrons in our large cities do not appreciate the fact that all other things having gone up, street car transportation necessarily had to go up or the transportation companies go out of existence; but the average wage earner does not reason these things out; all he sees is payment of fares from 60 to 100 per cent more than he had been accustomed to pay, and as the process is repeated at least twice a day, he first grumbles, then gets irritated and in time is prone to denounce the charge. The only solution is better education and customer ownership of utility securities.

The writer of this article wants to go squarely on record as counseling all those who can to become part owners in the corporations that supply the three great essentials of human comfort today: light, heat and power. Any visualization of the future of the utilities in this country indicates plainly that only the best prospects lie ahead of them, certainly with such corporations as deal in power. Perhaps not the same certainty exists as regards street railway corporations, and for a reason: these have been made too much the football of politics in the past, and the too frequent attacks of unscrupulous professional politicians. But even this may be remedied, and it can be when consumers, users of the service, have become owners of the securities of the corporations.

How suspension of street car service affects and injures a community one need but turn to the experience of Des Moines last summer. Politics, plus the jitney, brought the Des Moines surface lines to voluntary suspension of traffic. For months discomfort was the daily incident of the wage earners; and monetary losses to the merchants. The jitneys that had promised transportation at a nickel failed miserably to supply service, and when they did give service it was only for the short hauls and at any price they saw fit to exchange. Other cities experienced the same discomforts: Muskegon, Toledo, etc.

The great trouble has been in the past that the public failed to realize how important was the service given, and how dependent communities are upon the utilities. When that realization came upon the citizens of Des Moines the voters promptly acquiesced to a more liberal franchise, to such a franchise as made it possible for the utility operators to give good service with a reasonable return. That the public has a right to demand and insist upon good service is indisputable; on the other hand the owners of the utility corporations have the same right to expect adequate return for their investment, their work, and their efforts. Utility investments are sound and they are bound to grow in intrinsic value in the future.

Finally, the utility problems although intricate are by no means unsoluable, provided a spirit of co-operation is shown. The year 1922 opens auspiciously for the Utility corporations. As in the past we shall strive to deal fairly with them, and not less so with the public, their patrons.

AUGUSTE C. BABIZE.

EFFECT OF BUSINESS DEPRESSION UPON THE OPERATIONS OF THE ELECTRIC RAILWAY INDUSTRY

By EDMUND J. MURPHY,
Statistician, American Electric Railway Association

THE accompanying table gives the results of an attempt to measure the effect of the existing business depression upon the operations of the electric railway industry. A group of companies which send in monthly reports of their operations to the American Electric Railway Association was used as a basis for this study. The group comprises city, suburban and interurban companies operating in every section of the country. Small companies as well as large ones are included.

Assuming that the total operating revenue of all the electric railways in the United States is $100,000,000 per month (and it certainly is not more than that) it will be seen that the earnings of this group of companies represent not less than 25 per cent of the total earnings of the industry.

A month by month statement of the operating revenue, operating expenses, net operating revenue, operating ratio, passenger revenue and revenue passengers of this group of companies is shown for the first nine months of 1921 compared with the same months in 1920. There are 72 companies included in the group for the first eight months and 62 for the ninth month, ten of the companies not having reported for the month of September at the time this table was prepared.

Considering first the number of revenue passengers, since this figure is the most direct measure of the amount of business done, it will be noted that there was an actual falling off in traffic from the beginning of the year when compared with the previous year. The amount of this decrease, however, was negligible until the month of April, when it jumped to 6.4 per cent compared with 2.0 per cent in March. From April on the loss of passengers grew progressively greater, September, the last month available, showing a decrease under 1920 of 9.1 per cent.

To many operators this figure will probably seem much too low. The prevailing opinion seems to be that the average loss of traffic amounts to about 25 per cent. As a matter of fact a number of companies show losses considerably in excess of that, but on the other hand there are other companies whose losses are almost negligible and there are one or two companies that show an actual increase in traffic. As a result of this variation the actual maximum loss of traffic sustained by this group of companies is only about 9 per cent.

The passenger revenue and the operating revenue did not begin to show a decrease until the month of July. This lagging of the decline in revenue behind that of passenger traffic is, of course, due to the higher average rate of fare prevailing in 1921 than in 1920. The loss in revenue in July amounted to about 4.0 per cent and in September the loss had increased to 6.0 per cent.

An interesting feature of the table is the fact that the net operating revenue shows an increase over last year for every month with the exception of April and May. It will be noted that the revenue showed a big slump in April while the expenses failed to register a corresponding drop. Hence the falling off in the net. By June, however, the reductions in wages which were being made at this time became effective and as a result the companies were again able to show an increase in their net revenue over the preceding year.

A great deal has been said above about losses, decreases, depression, etc., until perhaps the impression is gained that the outlook is a gloomy one. It is true that the table presents a record of business depression progressively increasing, yet, nevertheless, it is possible in this same table to "find in loss a gain to match."

Fundamental operating conditions undoubtedly show a big improvement over a year ago. The operating ratio, or the relation of expenses to operating revenue, shows a steady improvement. Already this reduction for 1921 under 1920 amounts, according to this table, to not less than 3.5 per cent and the rate of reduction seems to be progressively increasing.

In common with all other industries, the electric railways are experiencing the effects of business stagnation, but apparently not nearly to the same degree as other industries. Until that depression passes, however, they can do little more than mark time, looking forward with confidence to the future and to the boom times which everyone is expecting.

It is interesting to note in this connection the trend of conditions just before the depression set in. The months of January, February and March, as shown in the table, are a fair index to conditions at that time. The passenger traffic had already begun to decline, but as yet the loss was hardly noticeable and aside from it the outlook was promising. Revenues were increasing faster than expenses, the operating ratio was dropping and it seemed as though everything was set for a long slow drive back to prosperity.

The present condition of the industry is, in fact, very similar in its general aspects to that of a man who, just as he is recovering from a long spell of sickness due to organic troubles, finds himself caught in an epidemic of influenza, chickenpox, or some other disease which in his normal health would not seriously injure him, but which in his weakened condition is capable, in combination with his other maladies, of causing a severe drain on his vitality.

The electric railways' "organic trouble" was caused by the reaction of a rigidly fixed fare to a period of steadily rising costs. The resulting strain very nearly proved fatal. The rising costs finally began to subside, however, and great relief was experienced. The industry was making long strides toward complete recovery when an epidemic of business depression set in and now threatens again to lay the patient on his back. Only one endowed with a naturally rugged constitution and healthy, freely-circulating blood could hope to survive such an ordeal.

That the electric railways will survive, however, admits of no doubt; and it is striking testimony to the stability of the industry that it should be able to stand up after such a siege as well as the figures in this table indicate it is doing. It must not be forgotten that war conditions, rising costs, restrictive legislation, jitneys, motor buses, private automobiles and finally extreme business depression have combined to wreck the prosperity of the traction companies, but that the prospect is that very soon two or possibly three of these factors will be removed leaving the industry free to cope with the others.

Comparison of operating revenue, operating expenses, passenger revenue and revenue passengers of 72 electric railways month by month for the first nine months of 1921 and 1920.

	Operating Revenue		Operating Expenses		Net Operating Revenue		Operating Ratio %		Passenger Revenue		Revenue Passengers	
	1921	1920	1921	1920	1921	1920	1921	1920	1921	1920	1921	1920
January	$27,581,198	$20,712,598	$21,009,454	$18,846,047	$6,571,644	$5,866,551	76.2	76.1	$26,735,211	$23,876,612	361,546,245	362,229,993
February	25,046,916	22,498,452	19,307,654	17,990,835	5,739,262	4,507,617	77.2	80.0	24,229,453	21,718,302	327,076,392	328,782,242
March	27,940,298	25,500,359	20,849,874	19,294,557	7,090,424	6,205,802	74.6	75.6	27,078,330	24,632,467	365,493,508	373,081,771
April	26,743,454	25,627,551	20,075,345	18,781,559	6,668,109	6,845,992	75.2	73.4	25,889,883	24,709,943	349,871,601	373,598,840
May	27,424,197	27,021,052	20,274,181	19,802,057	7,150,016	7,218,995	74.2	73.4	26,557,004	25,986,203	356,876,091	387,099,601
June	26,590,202	26,169,820	20,066,325	20,162,854	6,583,877	6,006,966	75.2	77.2	25,607,552	25,183,835	344,775,722	374,406,617
July	26,510,903	27,655,426	20,088,668	22,055,726	6,422,235	5,599,700	75.8	79.8	25,564,568	26,620,025	342,403,463	372,586,593
August	26,363,501	27,727,414	19,800,524	21,584,202	6,562,977	6,143,212	75.0	78.0	25,401,494	26,696,993	338,984,874	372,063,589
*September	23,617,527	25,139,793	17,583,710	19,646,307	6,033,817	5,493,486	74.6	78.2	21,267,213	22,593,767	303,516,114	333,601,903

*Only 62 companies are represented in the summary for September.

THE UTILITY SITUATION IN THE MIDDLE WEST

Illinois Utilities in Steady Expansion

By H. M. LYTLE
Associate Director, Illinois Committee on Public Utility Information

IT IS a pleasure to be able to say, when general business is in the dumps and when building operations in other lines of industry are at near-suspension, that the public utility industry of Illinois raised more than $60,000,000 of new capital during 1921 and spent it for new plants, equipment and extensions for the service of the people and of the industry of the state. As applied to the Chicago district the major building operations were:

> An additional power plant built by the Commonwealth Edison Company at 100th Street and the Calumet River, costing $10,000,000.
>
> The great coal and water gas plant built by the Koppers Company for the use of the Peoples Gas Light and Coke Co., at 39th Street and the Drainage Canal, costing $18,000,000.
>
> An expenditure of approximately $10,000,000 by the Illinois Bell Telephone Company for further exchange buildings and equipment which largely enabled it to catch up with the demand for additional telephone service.

The aforegoing figures do not take into consideration the normal expenditures for the companies for additions to equipment to care for ordinary increased business. Neither do they consider the amounts spent by the Chicago Surface Lines and Chicago Elevated Railways for similar purposes. And the figures depicting the Chicago growth are reflected in similar measure in the building operations of the various utilities serving the state as a whole.

A recapitulation of the investment in the public utilities upon which Illinois is dependent for service shows that in excess of $1,350,000,000 is now in plants and equipment. The group of utility securities owners is in excess of 500,000, the largest single group of investors aside from Liberty Bond owners. It is interesting to note that more than one-third of these investors are women.

Analyzing the investment, some interesting figures are obtained. It shows that the utility investment which provides light, power, heat, communication and transportation for citizens of the state amounts to $192.90, believed to be the largest per capita investment of any state in the union and giving a direct insight into the extraordinary character of service rendered customers, as well as the wide use of these services. It means that for every family of five, the investment of the utilities is $964.50, and even with this tremendous investment the demand for service has far from been met. A picture of the growth of the utility properties is given in the fact that in 1900 the utility investment in Illinois was but approximately $375,000,000.

To obtain a real perspective of the extent of public utility development in Illinois—the vastness of the great properties rendering the services without which present civilization or our ways of living and doing could not exist—can probably best be seen from these comparisons:

The electrical output of the Commonwealth Edison Company, alone, in 1920, was 1,883,570,000 kilowatt-hours, which energy is computed as the equivalent of 5,000,000 men; that is, nearly twice the population of the city. Enough energy was generated in Illinois this year to provide current for enough arc lamps to band entirely around the earth at the equator, placed only a foot apart, or enough to have operated a 15 horse power motor operating at full load 24 hours per day from the beginning of the Christian Era to date. And yet as late as 1880 the central electric station did not exist.

Illinois electric railways have 3,841 miles of track, which, stretched out on a straight line, would reach from New York to San Francisco and then on out into the Pacific ocean 655 miles. Last year they carried more than 2,000,000,000 riders. On the Chicago lines, alone, ten times as many riders are carried each year as are hauled by the Pennsylvania Railroad and fifty times as many as by the Baltimore and Ohio, and the street car riding habit is on the increase.

Chicago has in excess of 600,000 telephone stations, more per capita than any city in the world. The Illinois Bell Telephone Company operates today more than 1,000,000 telephones in the state. As a whole, there is approximately one telephone in service now for each 5½ persons.

The Peoples Gas Light and Coke Company has in excess of 700,000 customers in the city of Chicago. Practically every household in the city uses gas for cooking fuel. Industrial uses of gas are in excess of 2,000, and this employment is still in its infancy. Gas for house and building heating is the latest demand to come from the public.

It is extremely fortunate for the state that public utility securities have again become the premier investment. It was the object lesson as to their stability which investors had during the five-year war period, when the utilities were tried by fire, that was the greatest stimulant to utility investment in the last year. With general business in the dumps, the stability of the public utility business as a class was accentuated and the appreciation of this came in the form of decided upturn in both stock and bond prices. It became a fact early in the year that there was a dearth of high-grade utility securities in the market and the demand for them from investment bankers reached the point where they were the most sought investment issues.

The non-failing services of the utilities of the state, which during the trying war period never paused in sustaining the state and nation—and this regardless of high operating costs and burdens imposed—was ample proof of the sound manner in which the industry had been builded in the state. Probably no higher tribute can be paid to those pioneers who are responsible for the existence of the services than this war record. And the fact that, immediately when war had ceased, they were able to again start building, when other industry was taking its medicine, is ample proof of the sober course pursued during the war. There was no inflation in the utility industry; to the contrary, its market for services and products had not been fully supplied—nor will it ever be supplied. As indicative of this, capacity of plants is quickly exhausted almost as soon as these extensions are built.

The popularity of utility securities with the masses was given ample demonstration immediately after the war period. Broad-minded utility managers had long appreciated the desirability of a wide distribution of securities, particularly junior securities. Not only was this believed to be a good-will getter, but it provided an increased field in connection with financing, and from the investor's point of view gave him a safe place to put his money. In connection with this a plan was devised of bringing about increased interest of employees in the company they worked for. This involved the sale of junior securities by employees to customers of the utility serving them.

Probably no more popular plan was ever devised. Intended to reach only the small investor—the one- to ten-share investor—it became quickly apparent that it was a long-needed step. How popular this form of investment became in Illinois may be gauged by the fact that shareholders of the Commonwealth Edison Company increased in number from 5,700 on Armistice Day to approximately 26,000 on December 1, 1921. The average sale was probably around 3 shares. Similar sales of junior securities with like success was made by many other utility companies throughout the state, among them being H. M. Byllesby and Company, the Middle West Utilities Company, Central Illinois Public Service Company, Public Service Company of Northern Illinois, Rockford Electric Company, Tri-City Railway and Light Company, Central Illinois Light Company and several of the McKinley System subsidiaries.

The effect of this distribution of junior securities not only puts a more stable foundation behind the senior securities, but tremendously widens the investment market. It has been found that fully 80 per cent of those buying utility securities on this plan had never before been the owner of any form of security, with the possible exception of government war issues. It affects a wide public ownership of the utilities which answers the waning agitation for government ownership, not only of the utilities, but of many other lines of business and makes these properties more secure from attack from the demagogue. With an army of 500,000 investors in the utilities of Illinois, all residents of the state, on guard, it is scarcely to be expected that any radical measures intended to cripple these properties will be advocated, or at least prove successful, for Illinois now has real public ownership, and on a constantly increasing scale, and it is this great group who will have the deciding vote on any plan offered by the agitator.

From a legal viewpoint no industry has its way as plainly charted now as the public utility industry. In Illinois it was recently finally determined—the word reiterated would probably be better—that communities cannot enter into binding contracts as to rates over a period of years with a utility; in other words, that the utility, being publicly regulated, is at all times entitled to revenues that will produce the cost of production plus a reasonable return on the investment and that rates may be adjusted as circumstances require. Inasmuch as the issuance of securities is subject to approval by the state, the investor has the constant protection of knowing that actual value lies behind every dollar of securities issued. From an investor's viewpoint probably no stronger foundation could underlie the securities sold him than these factors, important as they are, as affecting safety of principal and interest.

Needs of Indiana Utilities in 1922

By JOHN C. MELLETT,
Indiana Public Utility Association, Indianapolis, Ind.

THE end of the year 1921 finds the utility industry of Indiana on a better financial footing than obtained twelve months ago, but with the owners and operators of public utility properties facing the future with hope rather than confidence. Rates for service in this state are, perhaps, lower than in other states of the central west, but the Public Service Commission and careful, economical operation combined have prevented receiverships that afflicted the industry elsewhere. The commission has granted increases in rates conservatively, in the face usually of political opposition, and has consistently held its position in the light of the Public Service Commission law, which requires the commission not merely to protect the utility operator against loss but to guarantee him a fair return on a fair valuation of his property. More, the commission has constantly endeavored to broaden the public understanding of the law.

During the war the Indiana commission imposed a policy of economy on all companies appearing to petition for higher rates. This policy worked out well in most cases, but there are sorry exceptions caused by complications of politics. In some cities strong political pressure prevented rate increases of any kind, with the result that a few companies have been operating at actual loss and are not now in position to command credit in the investment field when they cast about for funds with which to make extensions of facilities.

Paul Haynes, late a member of the Public Service Commission, said a few months ago that the utility industry in Indiana needed $90,000,000 of new money for extensions and betterments in 1921 and 1922. A large fraction of the amount would have to be found, he declared, to take care of maintenance deferred during the war period. Subsequent developments indicate that the estimate made by Mr. Haynes is fairly accurate. Up to September 30, the end of its fiscal year, the Indiana Public Service Commission has authorized the issuance of $21,157,535 of new securities and preferred stocks. Adding to that amount the petitions now pending, the figure would approximate the Haynes estimate. The money, if it is obtained, will come from various sources.

Investment houses have shown ready inclination to handle utility issues, looking eagerly for those that have tax exempt features. The most difficult competitor for money that meets the utility paper is, of course, the tax exempt security, which is just as popular in Indiana as elsewhere. Utility operators in the state are arguing against the tax exempts as being unfair and poor business policy, but thus far have not been able to stem a veritable flood of bonds for all conceivable public purposes.

Many of the Indiana utilities are turning to their customers for funds. In the last year several of them have been notably successful in placing bonds and stock with their patrons. Among these is the Interstate Public Service Company, of which Mr. Harry Reid is the President. This Company, one of the great Insull group, operates traction, light, heat, power and gas properties in Indiana and Kentucky. In the last few months, according to Mr. Reid, the Company has sold approximately 4,000 hundred dollar shares of seven per cent prior lien preferred to 1,350 customers in Indiana.

"We believe this is good business in every way," Mr. Reid declares. "It brings us the financial support we must have in order to grow, and it gives us a group of part owners who exercise a splendid influence on the management of the company. These new partners take a keen interest in our affairs and we find that they make for efficiency in operation."

Bond houses have no complaint at the custom of selling to customers. On the other hand, several of them approve the program of customer ownership, which is helping to develop a larger investing public. And, too, some of them work with the utilities in placing the issues either while the companies are canvassing their patrons by means of their own organizations, or afterward. This was the case in Indianapolis when the Citizens Gas Company, through its employes, sold 6,600 shares of hundred dollar seven per cent cumulative preferred to some 1,997 individuals, most of them patrons. The Company had been authorized by the Commission to issue two millions of this preferred, and sell one million. After reaching $660,000, the Company turned over the remainder of the first million to two investment houses of this city, which are now continuing to place the stock.

Other companies throughout the state are taking up the customer ownership idea. Another illustration is to be found in the case of some of the traction lines which, petitioned by the farmers to provide live stock shipping facilities, are borrowing the money to provide facilities from the farmers themselves, and repaying them out of early stock shipping receipts. They report that the farmers are not only glad to do this, but that they are thereafter more deeply interested in the business and have a better understanding of the difficulties of utility operation.

Security dealers and investment bankers of Indiana say the attitude of the public generally is more favorable to utility stocks and bonds than it has been in years. H. Foster Clippinger, manager of the bond department of the Fletcher Savings & Trust Company, declares improved feeling is due to the fact that public utility companies in Indiana are in better financial condition than they have been for years.

"This is not to mean," he said, "that their condition is all that it should be. Some of the big companies are barely able to make ends meet, without paying dividends. Some of them are losing money, but the general average financial condition is better than for some time. The reason is that the Public Service Commission has held firmly to the belief that in order to make extensions and render good service, utility companies in Indiana must be permitted to earn a

fair return on honest valuation. It has permitted fair rates whenever utility companies could show honest and deserving statements.

"Investors will not lend money to losing concerns, but they will buy securities of companies that have proved they are able to earn a return on securities already outstanding. As the general condition of utilities in Indiana improves, therefore, the Indiana investment public takes to utility offerings more kindly."

Utilities No Longer Persecuted In Michigan

By ALFRED FISCHER,
Director Committee on Public Utility Information, Ann Arbor, Mich.

PUBLIC utility operations in Michigan throughout the closing year have been marked at all stages by earnest striving to improve service and meet the need for increasing business.

This is equally true of the gas, electric, telephone and street railway utilities. There has been an atmosphere throughout to take the accumulated problems and dispose of them, or, at best, make a beginning of disposition when nothing further was possible.

The people of Michigan take a very great interest in their utility services. Except for a few isolated sections, the old theory of persecution of utilities has passed away in favor of a greater willingness to enable the companies to give service and compensate them accordingly.

The gas industry in the Wolverine state took stock of itself at the beginning of 1921 and decided that it had to shake off the heavy hand laid upon it by war conditions, heal its scars, get some new clothes and take an interest in the future. There have been a number of companies, large and small, independent and subsidiary, that were hard hit, first by war and later by the depression that followed and shut off industrial business. There was some obsolete equipment or worn out property that had to be replaced. In a surprisingly large number of cases, the companies had scarcely any difficulty in getting rates or concessions from municipalities or from the state public utilities commission which made replacement possible. Noteworthy instances are to be found in Hillsdale, Marquette, and several large cities. The volume of improvements made in the gas industry alone would run into many hundred thousand dollars. Grand Rapids, Flint, Pontiac, Coldwater and Kalamazoo made many important additions to take care of growing demands and more are planned for the coming year.

The tendency as to rates and service charges for gas has developed much interesting discussion during the past year, which took on a serious and precise nature when it was freed of non-essential argument by the public utilities commission. The commission has held in several cases that the service charge is a fair one, and has figured with it. Where there was opposition from some municipalities during rate hearings, as in the case of Lansing, it was afterward discovered that in charging for water, which was furnished by a municipal plant, the service had been established for years and no one had ever gone on record against it.

There has been much educational work on the part of utilities, the commission and others interested in these great services, to explain to the laymen why it is that overcapitalization, in the almost negligible instances where it exists, can have no effect on rates. On the whole, this subject of what goes into rate making is becoming constantly better understood. Much progress was made in that direction during the past year.

The electric properties of Michigan have also made important progress. More water power was put into service during 1921 and Michigan today boasts of a much-discussed super-power zone, developed by the Consumers Power Company. In this zone, which takes in 29 counties, 89 municipalities and about 1,000,000 people, electric requirements are supplied which have their beginning in the streams of northern Michigan. The power is transmitted through a system of 140,000 volt transmission lines.

In southeastern Michigan, where electricity must be mostly produced by use of coal and steam, there has been constant expansion during the year. The Edison organization, which serves here, has been pushing construction of its new plant at Marysville and Mr. Dow announced within the week the construction of another unit at Trenton to meet down-river demands for service. Many cities and villages within the Edison jurisdiction have been planning for comprehensive municipal lighting systems, which are still in process of construction.

The big year for the telephone companies of Michigan will be 1922, for just as quickly as the New Year hangs up its hat and starts to work, the utilities commission will go very thoroughly into the telephone situation with the idea of adjusting rates between cities and eliminating duplication of service. Michigan has an efficient independent telephone system which is very strong in many sections. It is planned to bring about a division of systems and physical connections. There has been much agitation in this direction and for months appraisers and engineers have been gathering data to that end. The telephone companies have prospered on the whole, and the demand for their service has been constantly on the upgrade. On the whole, this service has been good. Much improvement work has been done all over Michigan and the telephone companies will go into the New Year ready to meet their problems and do their part toward the progress of the state.

The street railways situation will require some observation. In Detroit, the city government and the people have apparently determined to own and control their street railway system. Crosstown lines are being built and operation has started on two or three already. As these lines are being written, an arrangement is being worked out to permit municipally operated street cars to operate over the company's tracks. Legal technicalities in connection with the taking over of the company's lines are being adjusted. There is nothing in sight which would indicate that in time the Detroit United Railway will not be taken over by the municipality.

The competition of jitney busses in cities has also created a problem for the street railways in smaller cities. During December, several cities, among them Saginaw, Battle Creek and Muskegon, took referendums among their people with the idea of determining if either jitneys or street cars might be allowed to operate exclusively. The elections had not been held up to the time of writing, except in the case of Saginaw, which gave a small plurality to the busses. However, it was doubtful if these tests would indicate anything, since from the nature of the campaigning it was evident that the real educational possibilities behind these efforts were not being developed to the utmost and the people were left to express surface opinions.

The inter-city bus and freight service gave the electric railway companies some concern during the year, and a test case was started to determine the motor truck operators' responsibility as public carriers. The result of the agitation which has developed has created a demand that motor truck operation between cities be placed under the control of the Michigan Public Utilities Commission and that trucks operating over state roads for hire be obliged to pay taxes for the maintenance of the routes they use. Before the next session of the state legislature, which will work out these questions, the state supreme court will have an opportunity to pass on the whole matter, as the test case, tried in Grand Haven, and which was won by the trucking interests, in the absence of any regulatory statute, was appealed.

This summary would not be complete without mention of the efforts made in this state to increase customer ownership of utilities. The most aggressive campaign was undertaken during 1921 by the Consumers Power Company. The stock was sold through its own organization by clerks, district organizations and through the use of a splendid advertising campaign and mail solicitation. In a report

issued December 10, by C. W. Tippy, manager, at Jackson, it was announced that about $2,000,000 worth of securities had been marketed among about 5,300 individuals. This is an average of about 3.77 shares for each person. It is a most flattering expression of confidence.

There has always been a good demand and wide interest in public utility securities in this state. It would be impossible to make any estimate of the extent of holdings. A large number of bonds of small companies are held locally. The banks report good demand and on the whole, Michigan offers a fine field for the placing of desirable utility securities. The prominent place the state took in the sale of Liberty bonds during the war is indicative of the sentiment toward good producing offerings generally.

On the whole, the utilities of Michigan are looking into the future with confidence as the result of their year's work. With public confidence and a better realization generally of the elements of good service, they have nothing to fear. Their position appears secure.

Good Management in Missouri

By J. B. SHERIDAN,
Manager Missouri Committee on Public Utility Information

THE public utilities of Missouri are in much the same condition as the public utilities in other intelligent states. They cannot boast of great prosperity. Many of them, especially the small town utilities, are carrying on valiantly, barely getting by, but under keen, clever management and with unremitting toil.

It may be said that the utilities in Missouri are being allowed to charge rates just sufficient to enable them to pay interest on investment and to operate. So far, the Public Service Commission has not set any final or general standard of valuation. There has been discussion of valuatory standards covering a period of ten years, five years, war-peak value, present value, etc. So far, none of these standards has been adopted as final. The Missouri Public Service Commission stands in the same position as do the Public Service Commissions in other enlightened states. Some people approve it, others disapprove. It is all in the point of view. The Commission seems to be trying to do the best it can. It is not very easy to please everybody

The one great advantage the public utilities of Missouri enjoy is good management. Practically all of the larger utilities, of which there are about 12 in the state, enjoy exceptional management. The operating managers are mostly in the 30's and 40's, young men, mostly engineers, in one or two instances men of established reputation as civic administrators.. They are almost in every instance strictly business men, men who thoroughly know the businesses which they manage. Their primary idea, fully carried out, is to render service. Few of them are financiers. Their animating impulse is "Deliver the goods."

This condition is having its effect upon public utility affairs in Missouri. Conditions are rapidly improving. Some of the companies suffered cruelly during the war. The rates of 1914 prevailed, largely, to 1919. That meant 3 years of terrific strain. Income was largely restricted to the 1914 volume. Expenses increased 220 per cent. Under these conditions, it is clear, only management of the highest quality could enable the utilities to survive. That they have in most instances survived and are operating, cheerily if not comfortably, is proof that they got that sort of management. Now the very names of the managers give confidence. Such single minded men as Louis H. Egan, President of the Union Electric Light & Power Co. of St. Louis, H. C. Blackwell, General Manager of the Kansas City Light & Power Co., E. D. Nims, President of the Southwestern Bell Telephone Co., C. W. Holman, President of the Laclede Gas Light Co., St. Louis, J. W. Dana, General Counsel of the Kansas City Gas Co., Fred H. Buffe, General Manager of the Kansas City Street Railways Co., Rolla Wells, Receiver of the United Railways, St. Louis, W. F. Corl, General Manager of the Missouri Utilities Co., Hugo Wurdack, President of the Light & Development Co. of St. Louis, L. M. Andrews, President of the Sedalia Water Co., L. B. Landmann, General Superintendent of the Capital City Water Co., Jefferson City, V. L. Elbert, Vice President of the St. Joseph Gas Co., H. H. Helmers of the Maryville Electric Light & Power Co., E. C. Deal, General Manager of the Springfield Gas & Electric Co., and E. D. Bell, General Superintendent of the Illinois Traction Co. properties in Missouri, were bound to succeed for the very reason of the single-mindedness which was "Service First." Many of the managers of utilities in the smaller cities have shown ability of the first class. Among these L. P. Andrews, Manager of the City Water Co. of Sedalia, H. H. Helmers, Secretary of the Maryville Light & Power Co., E. C. Deal, General Manager of the Springfield Electric & Gas Co., W. F. Corl of the Missouri Utilities, and L. B. Landmann, General Superintendent of the Capital City Water Co., are the leaders. These men have kept pace with, if indeed not set the pace for the managers of the utilities in the metropolitan areas.

Indeed the operators of public utilities in Missouri have more than kept the pace set by operators in other states. In spite of tremendous obstacles, their properties have operated fully and given satisfactory service. Their financial conditions are as good as can be under a condition which kept income down to the 1914 volume while expenses increased 220 per cent. For many reasons, chief of which was the tremendous volume of work before the Public Service Commission, slight increases of rates were permitted until 1919. When the increases were permitted, they barely covered increased expenses of operation. No provision has been made for needed extensions. Valuations in almost every instance are far below present replacement, or even, going value. But through the best of good management the companies survive. Many of the smaller companies, being slow to appeal to the Public Service Commission for relief or finding their cases delayed by extreme volume of business before the Commission, have suffered, and still suffer, acutely. Their need for relief in the form of increased rates is keen. Yet when wheat is 85 on the farm, corn 22 cents and prices generally declining, the public generally finds it difficult to understand why electricity, water, gas, street car and telephone rates should be increased.

Missouri Utilities are facing this condition in the right way. They have begun to educate the people in the hard facts of public utility operation. They have been successful in getting the schools and universities to consider the advisability of teaching the facts of utility operation. Business and women's clubs have taken up the matter of public utility information warmly. The newspapers have displayed encouraging interest in the subject. In their effort to inform the people about the facts of public utility operation, the managers of public utilities in Missouri have found encouraging response. As usual, when they understand the facts, the people react in honest, American fashion.

That is all the utilities ask for. It has greatly improved their condition in Missouri.

Despite the fact the prices of supplies, labor, etc., have been reduced but very little, and despite the industrial depression, some of the companies in the larger cities have increased their volume of business. This is especially true of the electric light companies. The Union Electric Light & Power Co. of St. Louis, the Kansas City Power & Light Company, the Missouri Utilities Company operating out of Mexico, the Maryville Electric Light & Power Company, and several of the other light and power companies have not only held their own during the period of industrial depression, but have actually increased their businesses.

This has been done in St. Louis by the foresight of President Egan who refused to be caught in the war inflation fever, who operated intelligently, yet conservatively, refusing to sink enormous sums in extensions, but at the

same time developing service within the erected plant to the limit.

The activity in the shoe making lines in St. Louis has helped a great deal to make the electric business reasonably successful. Then the Union Electric has by intensive and continuous campaigns developed the residence use of electrical appliance business to a very high degree. The Union Electric has increased its business in the past year and while it cannot boast of making a fortune, it is managing to live and to give first class service. It has been able to sell its stock to consumers in large quantities at 7 per cent. The splendid public relations enjoyed by this company are a distinct asset to it.

Under the forceful direction of H. C. Blackwell, the Kansas City Power & Light Company has been pursuing a progressive campaign for new business with great success.

W. F. Corl and E. R. Lock of the Missouri Utilities, operating out of Mexico, have been extending to neighboring towns and have built up a very fine group of small properties, that taken in the large, form a very considerable property.

The Maryville Electric Light Company has been doing some excellent pioneer work in furnishing farm power and has extended its service in every way.

The Excelsior Springs Water, Gas & Electric Company, under the capable direction of S. W. Henderson, has also gone far in extension and consolidation in the neighborhood of that beautiful and flourishing middle west Missouri City.

The gas companies have also stood up well under the strain. The Laclede Gas Light Company suffered the usual hardships of the gas company during the war when supplies went up enormously and rates could not be increased. A good coke market helped the Laclede Company very much, but it was not until 1921 that the company received substantial increase in rates. As it is largely a coal gas company, its coke by-product has been seriously affected by the industrial depression, so that it is now making only enough coke to make its water gas. Still the Laclede Company has improved its condition enormously in the past year. Although the increase in rates granted by the Public Service Commission in April, 1921, amounted to 50 per cent, it was well received by the people and no complaint of increased cost of gas has been made. The gas service is very good and the company is improving in its public relations very greatly.

The Kansas City Gas Company makes very little of its own gas but buys and distributes natural gas. Under the decisive management of Mr. J. W. Dana, this company has made wonderful advances in the past year; been placed upon a stable financial foundation and is giving excellent service at a very low rate.

The smaller gas companies have operated under the usual hardships. They make water gas largely, and have been hard hit by the increases in the price of oil, with no relief in the way of equally increased rates by sheer gameness and good management. The operators of the smaller gas companies are pulling their properties through the period of depression and are beginning to see the sun come over the horizon.

The water supply companies are in much the same position as the gas companies. Their distribution system is very costly; it is not as flexible as that of the gas companies, not to speak of the electric companies. The cities have grown very fast. The Public Service Commission orders extensions made with the most meager provision for refunding. The cost of labor, coal, pumps, coagulating and clarifying supplies has increased enormously, while the rates permitted to be charged on water supply are ridiculously low. Indeed, it may be said that the rates permitted to be charged by the private water supply companies are about 60 per cent of those charged by the municipal water companies in the large cities. In other words, where a man in the small town pays 65 cents a month to a private company for his water supply, the man in the big town will pay $1.00 in direct taxation, not to speak of what he may pay in indirect taxation, to the municipal plant.

Of all the public utilities, the private water companies stand most in need of a rectification of rates at the hands of the Public Service Commission. Most of these companies have been admirably managed. Indeed the operators of some of the water supply companies in the smaller cities stand forth as leaders among the public utilities operators in Missouri.

Nothing but the best management could have supplied this most important of all public utilities to the people of the small towns of Missouri in the past five years.

Of all operators of small utilities, the operator of the small town water companies in Missouri has been most severely tried and most deserves commendation.

The management of the highest type has been shown in the conduct of the Southwestern Bell Telephone Company, which is the big telephone company in Missouri. E. D. Nims, President of the Company, has made a wonderful record in management. The company has extended wonderfully, even though it has been allowed only a 25 per cent increase in residence rates, while the cost of supplies, labor, etc., went up 200 per cent. Further extensions are contemplated and the telephone company is at present making a success of its sale of $2,500,000 preferred stock at 7 per cent.

The Kansas City Telephone Company has at present a case for an increase of rates and valuation before their public service commission.

The street railways are in the general condition of those utilities all over the country. Both the Kansas City and St. Louis systems are in the hands of receivers. Unlimited jitney competition did much damage in Kansas City, and the railways there were in a very bad condition, However, under the energetic general management of F. C. Buffe, the Kansas City Street Railways are pulling out in good shape. The receivers have done remarkable work in the way of improving the public relations of the railways. They took the public into their confidence with the result that jitney competition was properly restricted, and increase in rates obtained, and in many other ways the position of the company greatly eased. Mr. Buffe is a young man of remarkable energy, and is thoroughly familiar with his job.

At Springfield Mr. E. C. Deal, whose success in the management of many properties has been proven, is working hard to put the electric light and gas company in good working condition. Considering what Mr. Deal has done in other cities, it is not unreasonable to anticipate complete success for him at Springfield.

In St. Louis years of controversy between the management and the people resulted in the appointment of a receiver for the United Railways. That receiver is Mr. Rolla Wells, World's Fair Mayor of St. Louis, 1900-1908, under whose mayoralty the city streets were repaved as a whole, the World's Fair given and St. Louis advanced to a front rank in up to date American cities.

Mr. Wells enjoys the implicit confidence of the people of St. Louis and, while the United Railways were in extremely bad financial condition when he took them over as receiver, there is not the slightest doubt in the minds of the people that they will be returned to their owners in the best possible condition within the shortest space of time. Mr. Wells with his General Manager, Colonel Perkins, are giving St. Louisians excellent service at a 7 cent rate.. There is great need of money for extensions for the United Railways are far behind the growth of the city, but there is no doubt that in time Mr. Wells will place the company in a position wherein it can acquire the sums needed for extensions.

It is becoming clear to the people and public utility operators of Missouri that one of two things must happen. Either the companies must be allowed to charge rates that will enable them to secure needed financial assistance or that the people must finance and operate the companies themselves.

Missouri's experience with municipal conduct of public

utilities has not been calculated to stimulate a sentiment for municipal ownership in this state, so there is little doubt that within a very short period, say two years, the public utilities of Missouri will have the good will of the people, and their permission to charge rates that will enable them to give service, make extensions and maintain properties in the best possible operating order.

So, while at present condition of all the public utilities in the state is no better or no worse than in other states, the outlook for the public utilities is much brighter in Missouri than in other states. The sentiment for private ownership is strong and has been growing stronger. Where rate increases have been permitted as in the case of the Laclede Gas Company, some of the newspapers protested. But the bulk of the people accepted the increase as just and proper. The people in the big cities of Missouri are favorable to well managed utilities. It now remains to bring political leaders in the small towns to the same state of mind.

Utility Situation in Nebraska

By HORACE M. DAVIS,
Director Nebraska Committee on Public Utility Information

FROM every part of the state where the farm population is well centered there is arising an insistent demand for rural electric service and committees are undertaking to formulate plans for bringing the current to the homes of the farmers. Here, again, the problem of conservative financing is called into question.

There is little developed water power in Nebraska, and there is little that remains undeveloped which engineers recommend as economically logical. The high freight rates have made steam coal almost prohibitively high and in many instances oil burning engines have been doing substitute service. It is of some interest, perhaps, to note that many electric plants are now burning corn which is being raised on the farms close to the smaller cities, thereby saving freight out on the corn and in on the coal that would otherwise be used. Considering the value of the corn ashes for the purposes of fertilizing, there is not a wide difference in the cost of the two fuels from the b.t.u. standpoint.

The demand from smaller villages for electricity has been pronounced during the last half of the year, and in several notable cases worn-out municipal plants have been junked the while the citizens have voted bonds to build transmission lines to connect with large central stations where current can be bought at wholesale at better terms than it can be generated in the inadequate little plants. The chief impediment in the way of this practice becoming quite general is the fact that the state does not have a centralized control of utilities and the arbitrary practice of "home rule" makes it increasingly difficult for syndicate companies to serve all comers, thereby bringing service to farmers living along the lines.

Utility managers have generally accepted the fact that the agricultural people, who form the backbone of Nebraska's production, have been seriously hit in the general price recession. The utilities have patiently taken their losses along with the farmers and merchants. On the other hand, the Nebraska public has come to admit that the utilities did not advance prices as did other industries during the war period and that their properties were, consequently, in ill-repair at an unfortunate time. In no instance have paying companies been refused franchise renewals.

No utility stocks or securities have been offered for sale during the year in amounts worthy of cognizance, but it is safe to say that there is a better market today in Nebraska for recognized and legitimate securities, especially in utilities, than for several years before. The difference in the interest rates between tax-free securities and those which are bearing the burden of government is quite out of harmony with privileges accorded to the municipal obligations and reflects great credit upon the recognized stability of the private properties.

The utility industries in Nebraska are more stable at the close of 1921 than a year ago. It is doubtful if any larger profits have been made or if the treasuries of the plants will show substantial improvement, but the feeling of uncertainty has abated in a measure and normalcy is in sight.

In a survey of the industry, state-wide, it should be remembered that there are few industrial centers and little demand for power loads outside of Omaha and Lincoln, where the metered current has held up better than might have been expected, considering the general business depression that has obtained in practically every line of industry and commerce.

It should also be noted that Nebraska has a larger percentage of municipally owned electric plants than any other state; in fact, more than half are publicly owned. The gas plant at Omaha, the largest in the state, has been purchased within the last two years by the city and is run by the Metropolitan Utilities Board.

A bond issue has been approved by the voters of Lincoln to erect a municipal gas plant at that place, but the issue was recognizedly inadequate to put in a plant that might be capable of caring for the needs of the entire population, and it is accounted rather a club over the present plant, which has but recently closed a long period of litigation inherited from a "dollar gas ordinance" that was passed fifteen years ago and has afforded a handy vehicle for local politicians to ride in and out of office since that time.

Notwithstanding the fact that the railway commission is not vested with regulation of rates and service for electric and gas industries, there have been some increases granted in electric rates and no decreases of consequence. The railway commission has gone carefully into the service and rates of the street car companies and has approved and suggested economies in traffic that have been the equivalent of rate increases.

The general depression in the money markets has retarded home building and has thereby retarded the normal demand for extensions of utility service into suburban additions. But the inability of the most frugal management to finance extensive betterments and extensions has given rise to some little criticism on the part of professional corporation baiters.

Review of Ohio Utilities for 1921

By BENJAMIN E. LING,
Director Ohio Committee on Public Utility Information

PROBABLY the most concise and compact statement that can be made, indicative of the activity of the public utility companies in Ohio during the year 1921, can be best compressed into this expression of fact:

Between January 1 and the latter part of November, 1921, the Ohio Public Utilities Commission authorized the concerns furnishing the people of Ohio with electric light and power, natural gas, and city and interurban railway services, to issue securities totaling in amount the sum of $165,232,509.

Of course, not nearly all of this tremendous sum—in fact probably very much less than one-half of it—represents actual new capital invested in the utility industry of this state during the course of the year, but it is significant, because it does denote unusual activity in the world of the utilities in the Buckeye State. Divided according to the kind of service rendered, the new issues of securities authorized by the Ohio Public Utilities Commission in the first eleven months of this year for public service corporations, follow:

ELECTRIC LIGHT COMPANIES

Stock	$28,300,500	
Bonds	41,801,500	
Notes	16,500	
		$ 70,102,000

TELEPHONE COMPANIES		
Stock	$54,127,186	
Bonds	4,844,000	
Notes	10,000	
		$ 58,981,186
CITY STREET RAILWAYS		
Stock	$12,040,000	
Bonds	10,882,000	
		$ 22,922,000
INTERURBAN RAILWAYS		
Stock	$ 7,232,000	
Bonds	3,246,123	
Notes	1,770,000	
		$ 12,248,123
NATURAL GAS COMPANIES		
Stock		979,200
Grand total		$165,232,509

A vast amount of the grand total naturally was consumed in refinancing and in refunding old obligations. It so happens also, that the year 1921 will go down in Ohio history as one in which an exceptionally large number of mergers, reorganizations and rejuvenations of great public service companies in the state, took place.

Conspicuous among these were the combination of the Ohio Bell Telephone Company and the Ohio State Telephone Company into one $100,000,000 corporation, controlled by the American Telephone & Telegraph Company; the separation of the Toledo Railways Light & Power Company into the Community Traction Company and the Toledo-Edison Company, and the combination of a number of the Henry L. Doherty properties in Ohio, located in Lorain, Elyria, Warren, Alliance and Massillon, into one new organization known as the Ohio Public Service Company.

It is not too much to say, however, that Ohio public utilities have weathered the storm of 1921's severe business depression in such a satisfactory fashion as to give much hope for the future, particularly for the coming year of 1922.

Tied down to a fixed rate of return on investment by reason of state regulation, even in the most prosperous times when industrial corporations were enjoying large returns on their capital, the utilities of Ohio during the past year have continued, with few exceptions, to yield their vast army of owners a fair rate of return because of economies in operation and the essential nature of their services.

Taking advantage of the times in which it was not difficult to show investors the wisdom of possessing public utility securities on account of the stability of this type of investment and their ability to stand up under most adverse business conditions, a number of the larger utility companies in the state have, in the year just passing, been most active and zealous in promoting a wider ownership of their shares.

This movement toward customer ownership in Ohio is growing so rapidly that the total number of people in the state who now own stocks or bonds in the various utility organizations runs well over 130,000, divided generally in this fashion:

Owners of telephone securities	49,000
Electric light and power security holders	29,000
Gas company security holders	27,000
Electric traction security holders	24,000
Water company security holders	1,000

Considering families and dependents of these investors, these figures mean that about one-tenth of the people of the state are directly financially interested in the concerns that are furnishing them and their families with such vital necessities as light, heat, power, communication and transportation.

Notable among the larger companies that have been seeking a wider distribution of their securities and urging their customers to share ownership in their properties are the Henry L. Doherty Companies, the Ohio Power Company, controlled by the American Gas & Electric Company, the Northern Ohio Traction & Light Company—a Hodenpyl-Hardy company, the Dayton Power & Light Company, the Ohio Service Company and the Bell Telephone Company.

Practically all of the larger Ohio utility companies realize the advantages in the way of good will that accrue to their organizations by reason of the most extensive holding of their shares and they are planning to embark on an even wider scale during the coming year in the sale of their securities. The pressing necessity, too, for new capital to make extensions and improvements is also driving many of the companies to obtain an enlargement of the market for their securities.

Eventually it is hoped to see Ohio in the forefront of the states whose public service companies are really publicly owned in the best sense of the word, so that the utilities of the state will be really the property of the people served because these people—the customers, citizens and taxpayers—have put their own money into the concerns and under private management have well managed organizations instead of politically guided institutions, as usually obtains when the other type of public ownership is effective.

Well over one billion dollars is now invested in the Ohio companies supplying the people with such essentials as their light, heat, power, electric transportation and communication. That this huge sum is a prime necessity and millions more are already needed for extensions, can be understood from the fact that there are today in Ohio:

Almost 950,000 customers of natural gas companies.
Approximately 800 000 telephone subscribers.
Close to 700,000 electric light and power users.
More than 10,000 artificial gas consumers.

In addition to this, during 1920, the Ohio interurban railways carried 245,330,709 passengers, while the city street railway companies carried 778,542,383 people, a grand total of 1,023,873,092. This figure likely will not be greatly exceeded in 1921, due to the general business situation that has obtained throughout the year.

In spite of what many of us have been inclined to refer to as "hard times," the electric light and power companies of Ohio have been putting on new consumers at a rate that is truly remarkable. In Cleveland, the largest city in the state, the Cleveland Electric Illuminating Company has been adding new customers to the extent of over 1,500 a month or over 50 a day. In Cincinnati, Toledo, Columbus, Dayton, Akron and Youngstown, customers have been put on by the central stations in those places at a rate not far behind this figure.

Due to the fact that scores of the large industrial plants were closed, the power consumption in many of the larger cities in the state, notably Akron, Cleveland, Youngstown, Lorain, Toledo, Alliance, during the first half of the year, fell off in some instances 35 per cent, 40 per cent and even higher, but during the month of September the load began to pick up again and trend toward normal because of a resumption of the general industrial situation. The gigantic strides made in the electrification of Ohio homes has been no small boon to the light and power companies in 1921.

The natural gas companies of Ohio also suffered by reason of the great number of industrial plants that either greatly curtailed or entirely ceased their activities. This, however, was not entirely an unmixed evil as, because of the rapidly dwindling supply of this valuable fuel, all of the gas companies in the state have been urging to their utmost the greatest degree of conservation.

To obtain most effectually this necessary reduction in the consumption of natural gas and thereby prolong the life of the supply for domestic purposes for many years, practically every gas company serving any community has already received or is in the process of getting increased rates.

Most of the new rates are based on sliding scales upward so that the more gas used the higher the price. Generally speaking, these scales range from 45 cents a thousand cubic feet for the first 2,000 or 5,000 feet, up to 80 cents a thousand cubic feet or even $1.00 a thousand for amounts in excess of 15,000 or 20,000 cubic feet, although in several instances some companies obtaining their supply from fields comparatively close to the communities served have accepted a flat rate of 50 cents a thousand cubic feet from localities that had been paying 30 and 35 cents a thousand.

Operating costs for giving Ohioans their public utility services during 1921 naturally are not yet available, but these costs for 1920 may give some notion of how vast a sum is spent annually in Ohio to insure the people of the state adequate electric light and power, gas, telephone and electric railway services.

The reports filed with the State Public Utilities Commission show that the total operating expense of the companies furnishing electricity, gas, telephone and city and interurban railway services totaled in 1920 the sum of $182.-895,110.72, divided in this way:

Operating costs of natural gas companies	$45,487,726.52
City street railways	33,693,876.94
Telephone companies	32,140,639.48
Interurban electric railways	31,012,512.84
Electric light and power companies	26,839,464.19
Dual service companies, that is, concerns furnishing both gas and electric light and power, or electric light and power and electric railway services	13,284,116.36

Besides this enormous outlay for operation, these same companies paid back in taxes, either to the federal, state, county or municipal governments, in 1920, the sum of $18,812,949.38, approximately $19,000,000.

In fact the taxation burden being borne by the utility companies of Ohio is an ever increasing source of worry to the operators. Several of the larger companies, as for instance the Cleveland Electric Illuminating Company, are now paying out for taxes 10 cents out of every dollar of gross revenue, while the Columbus Railway Power & Light Company's tax bill has, since 1915, been increased 322 per cent.

The high-water mark of almost $19,000,000 paid out in taxes during 1920 will be exceeded in 1922 by reason of terrific boosts made by the State Tax Commission on the 1921 valuations of the utility companies. This body has raised for taxation purposes the valuation of the Ohio electric light and power, natural gas, telephone and electric railway companies no less than $42,068,220.

The tax valuation of the electric light and power companies' properties was boosted from the figure of $78,097,-920 for 1920 to $93,285,450 for 1921, an increase of $151,875.30 or 19.4 per cent.

Tax valuations of natural gas companies were increased $8,777,120 or 5.8 per cent. Electric railway companies were boosted $10,119,330 or 5.3 per cent, and telephone companies were raised $7,984,240 or 8.5 per cent.

Always in none too healthy a financial condition and still suffering from their nearly disastrous experiences during the war, the electric railway companies were hardest hit by reason of the business depression of 1921. The interurban lines were most keenly affected, several of them being forced into the hands of receivers. However, there was a picking up of traffic during the summer, with the result that almost all of them today are in better shape. The Ohio Electric Railway, for example, one of the largest interurban lines in the country, reports better earnings for the first ten months of this year than in the same period a year ago.

So far as the city electric railway lines are concerned, Cleveland, Cincinnati, Toledo and Youngstown, all of which have service-at-cost franchises in effect, and in which rates of fare vary from 6 cents to 9 cents a ride, have, during the fall months, experienced a sharp revival in business after a big slump in the fore part of the year.

Public opinion, too, in Ohio, regarding utilities and their problems, has also undergone a great change during the past twelvemonth. For the first time, the Ohio utility companies in every field of activity have united in a cooperative effort to get the good will of their customers. They have sought to do this by giving out information regarding the utility business, utilizing both the spoken and the written word. By reason of this open-door policy on the part of the utility operators, as tangibly expressed through the operations of the Ohio Committee on Public Utility Information, there has come about a changed attitude on the part of the public toward their public service companies.

The inter-dependency of the public upon the utilities and the utilities upon the public, together with the necessitv for a square deal toward each on the part of the other, are now facts fairly clearly recognized in Ohio, with the result that the public is beginning to evince a more keen desire for seeing that the utility organizations get justice instead of viewing every move on the part of these great business institutions with suspicion and hostility.

With this dawning of a new understanding between the utilities and the people they serve, this realization of the mutualness of interest between prosperous communities and sound utilities, the operators, stockholders, employes and customers of the public utility companies of Ohio look forward with the fullest degree of confidence for a bright and successful 1922.

Oklahoma Utilities Steadily Expanding

By O. D. HALL
Asst. Manager Oklahoma Utilities Assn.

PUBLIC utilities comprise one of the greatest branches of industry in Oklahoma. These represent, including the railroad companies, an investment of more than $300,000,000. The growth of the public utilities of Oklahoma was checked temporarily during the war period, as was doubtless also the case in many other states.

While the corporation commission granted rate increases to many of them, these were not commensurate with the increased cost of operation. Reduced earnings and restrictions upon building therefore held the public utilities back, while the state continued to grow.

During the reconstruction period the state has enjoyed a remarkable growth, cities like Oklahoma City and Tulsa, for example, constructing new buildings at the rate of over $1,000,000 per month. It is estimated that Oklahoma City adds to its population every year three or four thousand people, and Tulsa is growing at practically the same rate. These are merely large examples of the remarkable growth that is occurring among smaller cities and towns of the state.

This increase of population calls for continual extensions and improvement of service. The greatest problem therefore, among Oklahoma utilities at this time, is to keep pace with the marvelous growth of the young state of Oklahoma.

The utilities during the past year spent in excess of $10,000,000 in improvements and only scratched the surface of the needs of their patrons. Having few capitalists within the state who are willing to invest in securities with moderate return, Oklahoma must finance her developments largely in other states. This fact, taken in connection with the restrictions upon financing, which have existed all over the United States, has made it difficult for the Oklahoma public utilities to keep pace with the growth of the state.

The expenditure of $100,000,000 within the next two years would be necessary to put the public utilities of Oklahoma in a position to extend their service to the communities and towns now without service and to new additions to the cities that are now clamoring for extensions.

There is an insistent demand from all over the state for high line extensions. Only a few public utilities in Oklahoma have high lines. The largest one of these, the Oklahoma Gas and Electric Company, has 300 miles of high power transmission lines, extending through the east central and west central portions of the state. The Public Service Company of Oklahoma, the Washita Electric Power Company, the Consumers Light and Power Company, the Choctaw Power and Light Company, the Oklahoma Power Company, the Oklahoma Light & Power Company, and the Empire District Electric Company, are among the leading utilities that have high lines. These companies, however, are unable to meet the demand for high line service.

Out of 2,200 cities, towns and settlements in Oklahoma, not more than 300 have electric lighting plants or high line connections, leaving a great virgin field for the development of the electrical industry.

Several Oklahoma cities have recently discarded municipal plants in order to take high line service, finding that they can secure 24-hour dependable service for less money than they were able to furnish the service to their own citizens through municipally owned plants. Most of the municipal plants in Oklahoma are able to give only night service at rates approximately the same as the privately owned companies which give 24-hour service.

Municipal plants are continually breaking down and towns having such service are deprived of light, sometimes for weeks at a time, while new machinery or repairs are being shipped.

Many other Oklahoma towns, with municipal electric light plants, are losing from $5,000 to $20,000 per year, when allowance is made for interest upon the bonds, depreciation and sinking fund. These towns readily accept high lines when an opportunity is extended to them to secure such connections, and scores of them are clamoring for high line service which is beyond the financial ability of the light and power companies of the state, at the present time, to extend to them.

The rapid growth in demand for telephone service in cities of Oklahoma also imposes a great burden upon the telephone companies, which are trying to meet the demands upon them. At Tulsa, for example, between March 1, 1911, and December 1, 1920, the number of telephones in use increased 631 per cent. This is said to be the largest similar increase in any community of comparable population anywhere in the United States. The growth of the demand for telephone service in Oklahoma City has been practically as rapid.

The life of a telephone plant is ordinarily considered to be from twelve to sixteen years, but at Tulsa, the plant of the Southwestern Bell Telephone Company has practically been reconstructed from the ground up, two and one-half times during the past seventeen years.

There are approximately 425 public utilities in Oklahoma, each ranging in capital from a few thousand dollars to $20,000,000. The small utilities predominate in this state, because it is young in development. The largest utilities range from a valuation of $10,000,000 to $20,000,000 each.

Customer ownership has not made very rapid progress in Oklahoma up to this time because of the financial limitations mentioned earlier in this article. There are many wealthy men in Oklahoma, this state having more than her share of millionaires, considering the age and population of the state. Most of the millionaires, however, have made their wealth in oil and gas, and employ their capital in connection with this industry, and do not, as a rule, invest in public utility securities. As a result, not more than $20,000,000 of public utility stock is owned by customers of these organizations of Oklahoma. There is, however, a wide field for development of customer ownership in this state.

Heavy losses of thousands of people who have invested in wildcat securities have awakened them to the futility of attempting to get rich quick by such means. Most of them have become converts to the idea that the only safe investment is backed by substantial property interests, such as public utilities, and offering a fair and conservative return upon the investment.

Enactment of the blue-sky law has shut out hundreds of wildcat oil companies, which formerly were taking millions of dollars from the pockets of investors. Many of these people are now possible prospectors for purchases of public utility securities.

The state is rapidly growing in wealth, and the habit of saving was fixed in the minds of the people during the war, and the state appears to be now entering upon an era of investment in public utility securities that will bring millions of new capital into the industry.

Several restrictive provisions of the Oklahoma Consti-

tution and the laws of the state, however, stand in the way of the free development of the public utility industry. Chief among these is the 25-year franchise limitation in the constitution, which must be repealed if large plants build to last through the ages, and to furnish cheap power, are to be constructed here.

Utility men are now advocating a revision of the constitution, and especially a repeal of the 25-year franchise provision, substituting therefor the revokable permit which will remain in force as long as the utility complies with all laws and regulations of state and federal governments.

The leading public utility industry in Oklahoma is represented by the natural gas companies, devoted to public service, which have a total investment of approximately $50,000,000. More than 125 cities and towns are served with natural gas by large companies, such as the Oklahoma Natural Gas Company, the Oklahoma Gas and Electric Company, the Consumers Gas Company, the McAlester Gas & Coke Company, and the Kay County Gas Company. Most of these have transmission pipe lines and some of them also own local distributing systems, but most of the local distributing systems are in the hands of smaller companies, which purchase their gas at the city gates from the larger pipe line companies.

Even in this land of billions of cubic feet of natural gas, we have hundreds of towns burning coal and other fuel, because they can not secure connections with the gas fields. While this state has many remarkable gas wells, and some gas fields producing several hundred million cubic feet of gas per day, these fields are usually of short life and usually, within a year and a half from the time they are developed, the rock pressure is so reduced that the pipe line companies must go to enormous expense building booster stations and eventually abandon the fields, take up their lines and re-lay them to new sources of supply.

The Oklahoma Natural Gas Company, the largest gas pipe line company in the state, has spent over $1,000,000 in the last three years extending pipe lines to new fields, and recently took up 29.1 miles of pipe line from the Morrison field, where the gas supply has almost failed and relaid it to a new source of supply.

There are fifteen electric railways in Oklahoma with an aggregate investment of approximately $22,000,000, and a total track mileage of 342.73 miles. There are sixteen other states, all but two older than Oklahoma, which have less street car mileage than this state. This state has ten interurban companies, but could support many more, and should have at least 2,000 miles of track to serve its cities, towns and truck farmers properly.

The first telephone line was built in Oklahoma in 1886, ten years after the discovery of the telephone. From this small beginning the industry has grown until it represents an investment of more than $25,000,000, not including the number of small companies that have not reported their investment to the Corporation Commission.

There are 240 telephone companies in Oklahoma, the one having the most exchanges being the Southwestern Bell Telephone Company.

The investment in the electrical industry is approximately $35,000,000. Oklahoma stands twenty-ninth in development of electricity from water power and twenty-sixth in the manufacture of electricity from fuel. The total production of electricity in the United States for 1920 was 44,404,000,000 KWH, of which Oklahoma produced 213,828,000 KWH.

Figures compiled a year ago in 116 cities and towns of the state show that 79,249 homes had been wired for electricity. These figures probably have been increased to 100,000 homes by this time, which still leaves, however, practically 250,000 homes in the state without electric wiring.

Utilities in Rocky Mountain Section

By T. O. KENNEDY,
Chairman Rocky Mountain Committee on Public Utility Information

THIS review applies particularly to the utility industry in the states of Colorado, Wyoming and New Mexico. From the standpoint of population served and private capital investment involved electric service and telephone service are the most important branches of the industry in these states. That there are comparatively few large cities accounts for the relative unimportance of gas and street railway service. Practically all of the water service is supplied by municipalities. With the exception of the service supplied in a few rural districts, all the telephone service in the three states is supplied by the Mountain States Telephone and Telegraph Company.

The problem of obtaining increased rates to meet increased costs has continued to be the most important matter engaging the attention of the utilities in this territory. While a few companies have been successful in obtaining rate increases, there is perhaps no other section of the country in which rate increases have been so long delayed. In Colorado this situation is partly accounted for by the existence of both state and municipal regulation.

There are certain "home rule" cities in this state in which are vested the right to regulate public utility rates. In most of these cities it has been particularly difficult to get fair treatment for the utilities. The case of the Denver Tramway Company illustrates this point. After fruitless attempts to get relief from municipal authorities the company was forced into receivership and afterwards applied to the Federal Court for an increase in fare. In giving a decision favorable to the company this court said in part:

"Take the matter of a popular vote. The property owner has not a possible chance of being heard. It is impossible for a property owner to be heard before the public, consisting of a good many thousand voters, and to discuss and argue with and present before them his reasons why this rate should not be that low. That is a hearing, but you cannot have it before the public, and the public, by an ordinance prepares rates, and by its vote, without a hearing, says, 'These are the rates established and you can charge no other'."

There are a number of rate cases in the courts and before the commission at this time. The difficulties in obtaining favorable decisions in these cases have been increased by the general decline in commodity prices, and the popular feeling that all prices must come down. However, the three major items of cost of supplying utility service, viz: fuel, labor and borrowed money, have not declined to a point which will enable these utilities to discontinue their efforts to obtain increased rates. One of the large coal supply companies in this territory is making an attempt to reduce miners' wages. If this move is successful there may be a small decline in the price of steam coal. If there is any decline, however, it is not expected to be sufficient to be of material assistance to the utilities.

While the utilities in this section have not been so fortunate in obtaining rate increases as have utilities in some other parts of the country, they have probably been less affected by the recent industrial depression. Perhaps the reason for this is found in the character of the business supplied. There are comparatively few highly developed industrial centers, and practically no "one industry" towns. The result is that there has not been the marked falling off in gross revenues experienced by utilities supplying some of the eastern industrial centers. On the contrary many of the companies are showing substantial increases in gross business. This is particularly true of the companies in Denver, northern Colorado and in the oil territory of Wyoming. One important exception, that of a large hydro-electric system dependent upon the metal mining industry, should, perhaps, be noted. The metal mining industry is at this time experiencing a severe depression.

Referring particularly to the branches of the industry other than telephone service, there has been further curtailment in development work during the last year. The unfavorable earnings statements of most of the companies have made it particularly difficult to obtain funds for this purpose. Most of the plants in this territory are now loaded to capacity, and some work must be undertaken in the near future if adequate service is to be rendered. In view of the lack of development there has been practically no new financing during the year.

In the matter of public regulation it will be recalled that the state of Colorado has for several years had a state utilities commission having jurisdiction over all utilities except those located in certain "home rule" cities, and that Wyoming also has state regulation. The state of New Mexico through its state Corporation Commission has just undertaken state regulation. Particulars in regard to powers of the commission are not yet available.

The utilities in Pueblo, Colorado, suffered more from the June flood disaster than any other business in the city. Not only did they sustain severe losses due to interruption in their service and loss of business, but hundreds of thousands of dollars were lost in damage to their properties. The gas, electric and telephone plants all were under water. It is to the credit of the Pueblo companies that they restored service at record speed. The last flood was on Sunday, and it is reported that gas service was practically restored by the following Tuesday.

As affecting public relations perhaps the most noteworthy event was the formation of the Rocky Mountain Committee on Public Utility Information. This Committee, which includes all branches of the industry in its activities, covers the three states of Colorado, Wyoming and New Mexico. Thirty of the leading utility men of the three states are members. The Committee was formed to make available to the public a dependable source of information in regard to public utility business. It is expected that this committee work will do much to improve public opinion in regard to the utility industry in this territory.

Wisconsin Outlook Encouraging

By *JOHN N. CADBY*
Consulting Engineer, Madison, Wis.

THE public utilities have come through the last five years without developing the habits of extravagance. For this reason they are becoming re-adjusted more easily than most lines of business and are proceeding on a constructive, efficient program without a reduction of operating forces or any need of reorganization. The electric utilities, in particular, are entering upon a period of extension and enlargement to meet the growing demand for their service, not only on the part of farmers and others who have not been enjoying this service, but also because of the fact that many of the smaller plants realize the resultant saving, efficiency and improvement in service if they obtain service from the high tension transmission lines of larger properties. Recently the prices of many of the materials needed for the necessary construction have been reduced so that as soon as the utilities can arrange for the financing of these improvements they will be ready to proceed with the construction program.

The farmer needs electric service more than the man in town and during the past year or two he has come to realize this fact as he never did before. Under the plan which is being quite universally adopted, not only in Wisconsin, but in many other states, the farmer takes care of the original investment in the extension to serve him and then takes the service at a rate which covers all charges made in the city plus a rural charge which covers the additional cost of serving in a rural district as compared with the thickly settled city conditions. Of course, the farmer's rate does not cover interest on money invested by the farmer himself, but the other costs are all included and the State Commission has tentatively approved the plan. This basis is much better and cheaper for the farmer than using man power, gasoline engines, or local storage battery electric plants so there is no serious competition with the central station companies. On the other hand, central station companies can afford to give the farmers good service on this basis and can take care of maintenance, replacements, and all the other operating features in a more satisfactory way than that followed in the rural telephone development of some years ago. The rural load will improve the efficiency of the properties for the reason that the farm load does not coincide with the city load.

In Wisconsin the public utilities have considerable advantage over those operating in many other states, on account of the broad type of public utility law under which they operate and the well established, able commission which is administering this law. The Commission has always been remarkably free from politics and the Commissioners themselves are familiar with the problems they are handling and are assisted by a competent and complete staff of experts, including statisticians, auditors, valuation engineers and operating engineers. Commissioner Trumbower recently made the statement that "Many of our best men are graduates of the university. Much of the success of our department has been due to the close relations existing between members of the commission and the university."

Many utilities have been selling their securities to their customers on bases that indicate considerable local interest and the desire to see these properties enlarged and extended. The operators of these properties are beginning to tell people more about their business, their problems and their efforts to keep the service of a high grade, continuous, efficient and safe. The story is interesting and the public which naturally is fair and reasonable if it understands; listens, reads, discusses, invests and becomes a real partner rather than a critical outsider. The average local customer does not invest much, but he moulds public opinion and makes friends for the utility and thus safeguards the investment as a whole.

*Relations of Public Utilities to the Public**

*BY JOHN F. GILCHRIST**
Vice President Commonwealth Edison Company, Chicago

ALL public utility men in these days are giving a great deal of thought to the question of public relations. They are themselves beginning to realize the position which they occupy and which they should endeavor to maintain in the list of human activities, and they desire that the public shall have the opportunity of forming its opinion, wishing that it may have the same point of view.

We want to know our customers better, and we want them to know us better, because a close relationship of this kind is most conducive to a mutual understanding of the problems and points of view of each, and such understandings lead to recognition of each other's rights, and agreement on a basis of mutual interest. It has been my good fortune to have had the opportunity, as a part of my duties, to take part in this work, and it gives me great pleasure to come down here today and discuss this matter with you.

The more I see of our business and its problems, and the business relationships which result from its existence, the more I feel that the interests of the public and the companies with regard to public service are as nearly mutual as can be the case with any activity in the world. Our services are such that every human being has need of them in the ordinary processes of living, and in view of the fact that the utilities are rendering service and expect to continue to render it, without profit in the sense that it is ordinarily known, there cannot be any selfish interest.

Rendering Service Without Profit

It may perhaps surprise you to hear me say that the utilities are rendering service without profit, and expect to continue to do so, but that is the belief of the men in the business who have given the closest study to it. I do not consider the fair value of the money, and the brains and work which are essential to the business, a profit, but merely as parts of the cost. Public service cannot be rendered without a plant and an organization, and these elements cannot function properly unless they are ample, and unless there are reserves, either in property or in reasonable surpluses which can provide such plant, and all of such resources, whether in money, credit, or physical property, have their fair market value in the world, which must be paid and which must be considered a part of the cost of rendering the service.

Therefore, I lay down as a rule in the operation of utilities, "Run your business in the best interests from the broadest possible viewpoint of your customers and the public, and you need give no thought whatever to your security holders or those having other forms of ownership, as their interest will take care of themselves." In other words, the best interests of your customers and the public cannot possibly be served properly unless those who have put honest value into your business are paid a fair return. Any business which does not render a useful and beneficial service to mankind cannot survive. This is recognized by all who have given intelligent thought to the matter. If you want success, render service to man in an honest, competent, complete way, and your reasonable emoluments and profits will follow.

The public utility business of the country in its field of rendering service to mankind has reached a stage beyond the possibility of exploitation by those who would draw from it an unreasonable personal profit, but it has also reached the stage of stability which assures those who depend upon it for service, those who have made it their life work, and those who have invested their money in it, a safe, permanent and satisfactory result. If your boys want to be most highly useful citizens, if they want to embark in a life work which will be satisfying, because it is rendering the most essential service to man, one which will bring them in contact with the best of thought and the best of people in the communities, with every worthy activity which attracts people in these days, and which will bring them dignity and honor and a reasonable compensation, advise them to go into the utility business; but if they are looking for an opportunity to become suddenly rich as the result of chance, advise them to keep out of the utility business.

Romantic Side of the Utility Business

In considering and becoming better acquainted with this business of ours, let me dwell somewhat upon what might be termed its romantic side. If I were capable of it, I would like to draw a great human-interest picture of the development of the utilities during the past half century, and of what they have done and are doing for mankind, dealing with the question both from the standpoint of the notable achievement of the young men and women in the business, and from the standpoint of the service to the user. Man's strength is his means of life, and the more strength he has, the more chance he has of acquiring those things which make life best worth living. The great fields of the public utilities are to conserve the physical strength of man, and to give him those things which are necessary to his health and life for the least expenditure of his energy, leaving the greater part of it to be expended for higher accomplishment.

As for romance, the oriental or East Indian carrying trade, with its atmosphere of spices and perfume laden breezes, with its visions of rich jewels and beautiful fabrics, "The Road to Mandalay, where the flying fishes play," to quote Kipling, the mixing of the natives as told in song and story, the trades of wars and husbandry, the wresting of precious metals from the earth, the conquest of the arctic areas or the tropical lands, are not more replete with romance than the story of man's mastery of distance, his harnessing of nature's forces, and the way in which he has made the great genii of the utilities serve the human race, these genii which have made of man a superman.

What urchin of one hundred years ago, droning over his lessons, enumerating the five senses of man and the higher animals as hearing, seeing, smelling, tasting and feeling, could have conceived the awe-inspiring increase in the range of these powers, which, within the span of a human life, have been conferred upon man, and to the greatest extent, by these then unknown genii, the utilities?

A century ago, primitive man, a perfect animal, ranging these Illinois prairies, might on still nights have noted the howl of the prairie wolf coming from distances of four or five miles, or by placing his ear to mother earth, the original telephone conductor, he may have been able to make out the hoofbeats of his enemies' ponies while still an hour's distance away, but see how these primal faculties have magnified in the man of today. Standing in the same spot, a pair of receivers at his ears, he listens at will to the surging waves of the Pacific, or to the turmoil of the great marts along the Atlantic Coast, or stranger yet, he hears distinctly the human voice coming from ships midway in the oceans on either side of this continent, even from the far shores of the continents themselves, and the tones are as clear and recognizable as though the person speaking were in an adjoining room. Truly, how greatly has the human hearing distance been extended.

Wonderful Industries That Cheer Mankind

In matters of sight, development is quite as startling, although in a slightly different way. Now we see by the reproduction of scenes, but see just as surely. The range of man's sight fifty years ago was fifteen to twenty miles for a sail at sea, seventy-five to one hundred miles for the highest mountain ranges in a clear atmosphere, but now, through the agency of moving pictures, the great scenes of the earth are enacted in the pictures so generally and so shortly after their actual happenings that the humblest people to all intents and purposes look with their own eyes on the sights of the entire world.

*An address before the annual convention of the Illinois Independent Telephone Association, Springfield, Ill., Nov. 8, 1921.

In the same way, modern transportation brings the fruits and flowers of the tropics, the hardy pines and flora of the artic regions, the perfumes and spices from the ends of the earth, so that their fragrances are inhaled by the man of today, although he may never have had the opportunity of visiting the places where they are produced. The delicacies brought from all over the world and gathered in our great communities delight the taste of the modern. Fresh sea food from the salt water along our own shores, and even from shores more distant, fresh fruit and game from distances which would have been unheard of in the time of our grandfathers, grace the table and delight the palate of modern man, and as for feeling, the station operator in the high Sierras throws his switch, and in San Francisco and Coast cities hundreds of miles away, immediately the consumer feels, in radiant heat or whirling power, the touch of the operator's arm. From one side of the continent to the other, and even from one continent to another, the human arm with its long distance electrical extension, puts machinery in motion and conveys communications and blessings, even as our forefathers performed such service by laying on of hands.

Then let us go out and tell the people who are our clients all about these wonderful industries of ours, that they may appreciate their greatness and their possibilities, for the development is only started, how they are serving man, making his life easier and helping him in his task of providing a livelihood for himself and his family. Tell them of the problems and difficulties, the why and the wherefore, that they may cease to criticize and may become boosters.

Good Work of Committee on Information

This brings me to a discussion of more of the detail of a work which is being done in Illinois at the present time, which has enjoyed the best of cooperation on the part of your officers and yourselves, and with regard to which I think it is the general feeling that a great good is being accomplished. I refer to the work of the Illinois Committee on Public Utility Information.

As you probably know, this Committee is now in the third year of its work. In its personnel it draws from the several different utilities of the state, and its roster contains the names of some of the most prominent men in these utilities. Every week it issues to every newspaper and to every utility manager in the state a bulletin containing articles which, as a result of careful conference, it is believed will be of value, if published, in helping to create favorable public opinion towards the utilities. From an attitude of caution, and in some cases indifference, the papers of the state have come to look upon the information of the Committee as reliable and interesting, which they can print without fear that they are being placed in a false position. This is best evidenced by the growth in the use of the material. It is being used at this time at almost four times the rate which prevailed during the first year of the Committee's existence, which means the equivalent of many newspaper pages annually of information about the utilities.

The object in sending the matter simultaneously to the managers of the utilities is that they may know what is going to their papers, and that they may take it upon themselves to urge their particular local editors to carry as much as possible of this matter. This part of the work I wish to urge upon you as being a most important one. It may seem to you a matter of little importance and hardly worth the attention necessary to each week urge your local editor to remember the utilities, and the fact that it is really the public he is helping when he helps put the utilities in the proper light. However, if each one of you will in your own town or group of towns do his share, it will do much to help along this work.

There are, in addition to sending out this bulletin, many other kinds of work. The Committee prepares material for speeches and talks for men in the industry to use themselves, and also maintains a very live Speakers' Bureau, which is filling numerous engagements each week where speakers are wanted throughout the state at business and social gatherings. The Committee from time to time is creating or reprinting pamphlets and booklets bearing on various phases of the industry, and offering them at cost, not only to its own supporters in Illinois, but to active utility people throughout the country.

Other States Follow Illinois' Lead

Following the leadership of Illinois, some thirteen or fourteen states have taken up this work. Their plan has been much the same as ours. The work in each state is in the hands of a Committee consisting of prominent representatives of the different utilities in the state. This results, aside from the direct work of the Committees, in a great deal of newspaper distribution through the ordinary editorial interchange.

The cost of the Committee's work is not great in proportion to the interests of the business in the state, and the funds are raised by contributions of a very small percentage of the companies' gross annual income made by any of the utilities in the state who appreciate their responsibility and desire to have a hand in this work. I commend to you the work of the Illinois Committee, and hope that you will support its efforts.

Then there is another matter which is absorbing the thought of utility men today, and which is very near to the hearts of most of us, regarding which I would like to say a few words.

Not only have these utilities offered to man personal services of the greatest value, but themselves are to a greater extent now offering the opportunity for investment of his surplus earnings in a form of investment which is safer than anything else he can put his money in, this great reservoir of his stored energy which will furnish him support, and enable him to enjoy the comforts to which he has been accustomed when his physical powers are no longer capable of bringing such support, and providing for the wants, education and culture of his children and grandchildren, during the period of youth and development when their strength and experience had not yet become capable of providing such sustenance and advantages. An investment is the placing of money in human enterprises which it is hoped will be profitable and will yield an annual return for an indefinite period, the property in which the principal is invested not losing in value, but rather gradually increasing. The losses of investment funds through the failure of the enterprises of man is a chapter in human history which can never be fully appreciated by any single person.

Things to Consider Before Investing

In selecting an investment the following questions should be taken into consideration:

1. What do the physical properties consist of?
2. Can you actually see the properties?
3. What is the financial position of the Company?
4. Do you know the character and reputation of the management?
5. Are the products or services supplied absolutely essential to the public?
6. What is the probable future demand for these products?
7. Are the earnings steady or do they fluctuate?
8. Can the business continue under the stress of adverse business conditions?

And what form of property has all of these qualifications more than the property in back of utility securities?

Therefore, following the thought set forth earlier in this discourse of considering the interests of the public and your customers first, every person in a commonwealth like Illinois should have a certain part of his surplus earnings invested in the great companies whose properties are all around him, which are managed by his friends, and which render to him what have become in our present day the most elemental services.

This also is a matter which should receive your earnest

attention and support. Your customers and neighbors do not all know of these possibilities of investing money profitably, although in your business they may know it perhaps more than they do in mine, as the Independent Telephone people for years have been particularly far-sighted in this matter of getting their local people interested with them in their enterprises, but still the matter may go very much farther, and it is part of your duties to enlighten those around you on this feature of your business.

The speaker in his own industry has this year been honored by being placed at the head of a national committee on the sale of stock to customers. The work of this committee is not only to gather information as to the amount of securities which, in the electric light and power business, have altogether been sold on this basis, and the plans and methods which have been used, but also to inspire those who have not taken up this work to do so, and to do their share of it, for the general good of the industry, and also to encourage those who have done work of this kind to greater efforts, and with your permission I wish to urge at this Convention that you make an effort to have every Independent Telephone Company in Illinois, from the largest to the smallest, do a certain amount of this work. It may be that the financial structure of many of your companies is such that you do not at the moment see just what you can issue and sell, but you should give more than superficial attention to the matter.

Financing the Utilities

The tendency in the utility business in the past has been to finance altogether too much by bonds and other forms of securities with definite maturing features in them, which we generally term senior securities. It is very much to your interests and to the interests of the business that a larger percentage of the money be furnished as a result of selling junior securities, that is, stocks of various kinds, thereby bringing your security holders in as partners, and not as loaners of money. The very great psychological advantage of having a tremendous number of utility security holders in the state cannot be overestimated. Careful estimates at the present time indicate that there are at least 500,000 holders of utility securities in the state of Illinos, who, with their families, constitute almost one-third of the population. This, while a very good showing, is not enough, and we should not be satisfied until sixty to eighty per cent of all the families in the state have within the family circle at least one member who is a security holder of the utilities.

There is one thing in all of this work which I would particularly impress upon you, and that is that the greatest care should be used in the selection of these securities for sale to your customers, to the end that under no ordinary human circumstances will the securities thus sold ever fail to pay dividends or interest at regular periods. To sell securities of any kind which have not value behind them and which are not earning and paying a return would be fatal to the interests of you and your companies, and would have a result diametrically opposite to the one we are hoping to attain.

In closing let me again urge you this year to take up both of these matters upon which I have dwelt particularly, and see to it that at least in the territory under your supervision all of the utilities will this year make progress in the favorable estimation of your local people, as well as in the number of utility security holders with which the district is favored.

What Is the Meaning of "Value"?

By JOHN W. ALVORD

WHAT is value? This is a question which almost everybody thinks they know and can promptly answer, but the more it is looked into, the more difficult it is to obtain a satisfactory definition.

In these days when we have, including the steam railroads, something like thirty to thirty-five billions of dollars invested in public utility property, all of which is subject to valuation and regulation, value is, after all, a rather important question.

Naturally, one first turns to economics for information but when we come to think of it the science of economics limits itself to competitive values; that is to say, values which are priced in the market exchanges. Outside of this interesting but subordinate field there are a vast number of values with which economic science does not really concern itself. This is why economic professors and economists generally do not oftener appear in reasoned valuation work, such as goes on before our commissions and courts, for public utilities are really non-competitive institutions whose value has to be reasoned out rather than determined by market exchange.

Value, then, is something broader and more general than the economic definition, "power in exchange," and particularly the value of a public utility institution falls into the class of complex problems which requires reasoning and philosophy rather more than price lists and inventories.

Therefore, it is important, first of all, to know what value is. Now if we turn to the dictionary we find there quite a number of different definitions as though value had different meanings. In the first place, they all say that value is "worth," "excellence," "utility," and if we turn to those words again to find out what they mean we find that our dictionary defines worth as value, and so on, so that this does not help us much.

Again, we find a further definition in the dictionaries such as "Efficiency in exchange," "Power which an object confers upon its possessor," "irrespective of political compulsion or personal sentiment;" "to command the commodities and services of others;" "Purchasing power in the abstract."

This is a definition of economic value, but we have just seen that economic science does not cover non-competitive institutions, at least in those phases which call for reasoned conclusions as to value.

Finally, we find in the dictionary that "Value is the property or properties of a thing by virtue of which it is useful and estimable, or the degree in which such character is possessed." This would make it seem that value was an attribute of objects somewhat in the same way as character is of human individuality. Now, if we ask ourselves what are the properties or aggregated properties of a thing which render it useful, we should ask ourselves, "useful to whom?" Evidently to men, animals, plants, and the like. But suppose we took away human beings, plants and animals, would objects which had these attributes of value still possess them?

Value, therefore, cannot be attributed to things alone however useful they may be. Again we find a certain school of thought which holds that value is really desire, and proceeds to speculate along psychical analysis as to the origin of one's desires and the origin of interests in the human mind.

But it would appear that value can hardly be desire alone. We could imagine a colony of helpless individuals suddenly transplanted to the middle of the desert of Sahara, desiring all kinds of food, drink, and clothing which they did not possess and could not by any possibility obtain, and we would see that in such cases desire itself alone was not value. Desire needs an object before it develops the function of value, and from this simple conclusion we should reason that value is a relation between these two factors rather than an attribute of either desire or of objects alone.

It is this status of relationship which appears to be the stumbling block in so many minds that are trying to determine what value is. Some very astute minds have fully perceived this but many others have not.

It follows, therefore, that value is a two-sided problem and as such we must examine both needs, wants and desires

fully, on the one hand, and their sources of supply on the other. Value itself is really the relation between the subjective want and the objective supply, rather than a function of either one.

In the light of this conclusion, it may be interesting to see what some authorities have said value is.

Adam Smith, who was a professor of moral philosophy at Glasgow about 150 years ago, and who was generally esteemed as being the father of economics, held that value has two different meanings; sometimes expressing the utility of some particular object and sometimes the power of purchasing other goods which the possession of that object conveys. The one, he held, might be called the value in use, and the other value in exchange.

This division of value into two functions has proved to be very perplexing and embarrassing to those who have followed the classic school of economists, because the power and authority of Adam Smith were so great for so many years that no one dared to very seriously dispute his conclusions.

David Ricardo, who lived from 1772 to 1823, in his "Principles of Political Economy and Taxation," says:

> Value essentially differs from riches, for value depends not on abundance but on the difficulty or facility of production.

John Stuart Mill held that the word "value," when used without adjunct, always means in political economy value in exchange, or, as it has been called by Adam Smith and his successors, "exchangeable value."

Exchange value requires to be distinguished from price. Modern writers employ price to express the value of "a thing in money, the quantity of money for which it will exchange."

J. E. Cairnes, in his book on "Leading Principles of Political Economy," says:

> Value is the ration in which commodities in the open market are exchanged against each other.

Amasa Walker says value is the "exchange power which one commodity or service has in relation to another."

Stanley Jevons says value merely expresses the circumstance of exchanging its commodities in a certain ratio for some other substance.

President Hadley of Yale University, in speaking of price, says a "price is a fact. Value is an estimate of what price ought to be."

We therefore see that the economists do not permit themselves to think in other terms than those of the exchange market. This is the field in which they have made their descriptive science and one in which they have excelled but the economist's definition does not help us much when we come to ask what is the value of a sunset or of Lincoln's Gettysburg speech, or of an asylum for the blind; indeed, it does not help us much when we come to ask what the value of a public utility property is.

If we turn to the courts, we find that they have commanded us, in very dignified language, to find just and fair value, but nowhere do they give us any clue as to what just and fair value may be. Possibly they think that is an economic subject in which they should not meddle; possibly they have their own perplexities in the matter, like all the rest of us. When it comes to reasoning from the detailed evidence submitted to them in specific cases their decisions are generally quite admirable in the breadth and scope with which they treat the technique of particular values. Generally speaking, they do not commit themselves or arrogate to themselves a position of authority in defining value, nor do Commissions, for obvious reasons, venture into any opinion as to what value is. Sometimes, as in the case of the Wisconsin Commission, they commit themselves as to what elements must be taken into consideration, but how these elements are to be treated, what weight is to be given to each one of them, and why, are matters in which they leave us completely in the dark. If we turn to engineering appraisal literature we find a voluminous mass of directions as to how to proceed in certain minor matters, which may be described as "valuation technique," but no one of them gives us a discussion of the fundamental principles of what value is, and, as a consequence, no directions as to how it is to be really found. Some valuation engineers, courts or other authorities follow the economic definition, as did the Committee of the American Society of Civil Engineers appointed to investigate the subject. Others follow dictionary definitions, but pretty generally they all sidestep the real question as to what value itself really is.

One would hardly think of turning to sociology and philosophy to obtain a good definition of value, but it would appear, after a pretty exhaustive search, that this is the source that will afford us the best view of the fundamentals of general value.

It may be interesting to quote from some of those authorities—Prof. James H. Tufts, for instance, in his book on "Ethics," remarks as follows:

> The whole basis for value and prices has been changed. The old basis employed for the most part through the middle ages in fixing the value of labor or goods was the amount of labor and materials which had been expended. The modern basis is that of supply and demand. This proceeds on the theory that it is human wants which, after all, give value to any product. I may have expended time and labor on a book or carving, or in the cultivation of a new vegetable, or in the manufacture of an article of apparel, but if no one cares to read the book or look at the carving, if the vegetable is one that no one can eat, or the garment is one that no one can wear, it has no value.

and then he proceeds to show that we have a social standard for valuation which is constantly changing and that value is really a relation between human interests and their supply.

Prof. Walter G. Everett, Brown University, in his recent book on "Moral Values," says:

> A consideration of value in other spheres than that of mortality shows that the term must be construed objectively as well as subjectively. Value always involves a relationship between two factors; on the one side a feeling of appreciation in some subject, on the other, the objective elements which yield a satisfaction. Indeed, in the case of economic values, it is the subjective reference that often escapes attention, since in common thought and speech we wholly object to value, ascribing it to those objects upon which a price is

set, yet it is evident that the subjective element is never wanting. When goods of any kind are not desired and give no satisfaction they possess no value.

Prof. C. H. Cooley, in his excellent book on "Social Process," says:

It would seem that the essential things in the conception of value are three: an organism, a situation, and an object. The organism is necessary to give meaning to the idea; there must be worth to something. It need not be a person, a group, an institution, a doctrine, any organized form of life will do, and that it be conscious of the values that motivate it is not at all essential.

Prof. Hugo Munsterberg, best known as a psychologist but nevertheless with much claim to be a philosopher, said:

Every evaluation and every preference evidently presupposes a will which takes an attitude and which finds its satisfaction.

Prof. Albion W. Small of the University of Chicago, in his book on "Adam Smith and Modern Sociology," says:

We may simply note by way of illustration that no formulation of the mere mechanism of economic exchange can possibly express the essential facts of value and price. These are phenomena resulting from more than one variable. They are psychical and social as well as mechanical. Value or price sometimes has one ratio to the labor cost of production or of reproduction and sometimes quite a different ratio. These familiar considerations may be summed up in the platitude. Price or value is a phenomena of two chief variables; viz., first, the conditions governing the supply, and second, the conditions governing appreciation as a factor of demand.

It would appear, therefore, that our sociologists and professors of philosophy come nearer than any one else to giving us a good general definition of value, which will be useful to us and applicable in reasoning out the evaluation of public utility institutions such as are now under regulation in the United States.

We have not as yet referred to our friends, the radical socialists—the followers of Karl Marx, who are emphatic in their argument that value depends upon labor; in fact, that it is labor. To this assertion Gov. Allen of Kansas has retorted that "if value is labor, China ought to be the richest nation in the world today."

This viewpoint is only equaled by the conception of many simpler-minded folk who think value is money. These people, in turn, ought to be reminded that Russia is now the land of the greatest number of millionaires ever before collected in one country in the history of the world.

It is not a little curious that on this question of what value really is, we have no text book which thoroughly examines the subject from all points of view. Such a work ought to be available for students, officials, attorneys, and engineers who are now so deeply engrossed in the valuation problems in the United States. What we need at the present time is a sort of "primer" to which we may readily turn to find out what value is,—not as conceived by the economists alone or by the legal-minded, or by the financial man, or even the philosophers alone but as a general conception operative in all human life, underlying all our activities and interests.

I believe it was Bishop Berkeley who remarked humorously of a similar problem that "only a mind debauched with learning would want to know about such a simple matter."

Public Utilities in the Investment Market

By CECIL F. ELMES,
Chicago Manager, Sanderson & Porter

PUBLIC utilities labor under three important handicaps when entering the money market as compared with other seekers after capital.

The first of these applies to issues of capital stock, i. e., evidences of ownership. The investing public, being free to place its money where it will, takes note of the fact, as set forth above, that the profits of the utility are subject to regulation, whereas the profits of other enterprises are not. Further, this regulation has heretofore been exercised almost solely in a judicial or quasi-judicial and hence restrictive spirit.

For years the bulk of such regulation had the effect of reducing rates, thus curtailing earnings. Within recent times rate increases became inevitable; nevertheless, the spirit of the regulation remains unchanged. It is essentially directed towards making certain that utilities shall earn no more than a certain, and usually quite modest, maximum. The investing public further recognizes that while commissions may restrict the maximum earning, they have neither the power to guarantee minimum earnings nor funds with which to make such a guarantee good.

The second handicap applies to the sale of short-term obligations, i. e., notes. Lenders of capital and credit show a marked preference for borrowers who speedily liquidate their loans and a reluctance to accommodate those unable to wipe out their indebtedness in a reasonable time, even though interest payments are certain and there is no question as to the safety of the loan. Borrowers able to do so meet this preference by amortizing loans out of excess earnings. Further, they frequently offer conversion privileges whereby notes may be exchanged for capital stock in the enterprise, thus affording lenders a chance to share in speculative profits when circumstances make such conversion attractive. Where utilities seek this class of assistance, on the other hand, it is recognized that they have scant prospect of rapidly amortizing the loan, and often no sure prospect of repaying it when due. Further, they have usually little in the way of attractive privileges to offer.

The third disadvantage from which utilities frequently suffer is an unhealthy relation between bonds and stock. The investing public are quite properly accustomed to favor a low ratio of funded debt, including notes, to capital stock. Due in part to the above mentioned features, in part to state legislation as to the issue of capital stock, an undue fraction of the entire growth of utilities in the last decade has had to be financed by issues of bonds or notes. A healthy balance between bonds and stocks is needed in the best interest of all; the lack of it adversely affects those seeking new capital. Changes in the legislation which brought about this condition, or changes in its unequal application, will be a public benefit.

It is natural that utility men as well as investors should assume that there is a general similarity between the expression "yield," as used by a banker regarding investments and the term "rate of return," as used by commissions. It is well to point out how little these two are related and to note their essential differences.

An investor computes "yield" in terms of the net sum which he invests, including therein the annual interest or dividend rate and also the security discount, i. e., the difference between the net cost of the security to him and the face value thereof which he will receive at maturity. A simple computation, based on the life of the security, shows him the rate at which he earns annually upon his net investment.

The "rate of return," on the other hand, is a percentage designated by a commission as desirable, and computed by it not upon any particular amount of securities which may be outstanding, but upon some kind of valuation of the property, plant and business of the utility. This valuation may, and usually does, have no relation whatever to the outstanding securities. The percentage is to be divided out of the margin remaining to the owners of the enterprise from gross earnings after the following necessary costs have been defrayed:

1. Operating expenses, including maintenance.
2. Depreciation.
3. Taxes.
4. Reserves.

The investor calculates his yield separately on each class of securities; bonds yield him one rate, notes another, preferred and common stock each represent a different earning rate. The rate of return permitted by the commission is worked out as a blanket figure for the property as a whole. It amounts to a net lump sum if events prove that the utility is fortunate enough to earn it. If one group of the company's security holders gets an increase over its customary yield out of this fixed sum, there is correspond-

ingly less for the remaining security holders. This method of computation is entirely satisfactory, but it is well that it be clearly understood by investors.

The expressions "investments" and "securities" have been used above in the broadest sense to cover not only issues of capital stock, i. e., evidences of ownership, but also advances of funds or credit, such as bonds, notes, etc., i. e., evidences of indebtedness.

The investing public ranges in character from those of buyers whose chief, indeed sole pre-occupation, is security of their principal, to those whose prime demand is a high rate of return, even at the expense of safety. The problem before the public utility manager is to determine the form his securities must take in the way of both safety and yield, so that he will make a sufficiently wide appeal both to the conservative as well as to the somewhat more speculative elements in the investing public. The support of both classes in due measure is essential to the successful financing of any enterprise.

Considering first the investor who places security before all, the highest form of investment available to him consists of bonds of the United States Government. These are secured not only upon the property of the body of citizens in the United States, but, in the last analysis, upon the life and honor of every individual citizen. We are unable to conceive of a higher form of security which can be offered to an investor. For securities of this character, which in past years commanded rates as low as 2¼ per cent, 5¾ and 6 per cent are now being offered. This would appear to establish a minimum figure to be exceeded by all other security offerings in measure based upon their lesser reliability as compared with this maximum of safety.

Taking next the yield upon investments the security for which is more speculative, but upon which the investor seeks for high dividends, it is more difficult to specify an exact figure. Very high figures are often quoted and frequently earned, not only in enterprises of purely speculative character, but also in businesses of a solid and conservative type. From published statements of bankers and others, it would appear that a yield of 25 per cent is not regarded as excessive where the investor subordinates security to the prospects of profit. These two figures—the former definite and the latter somewhat elastic—may be taken as indicating the limits of the investing market in either direction as it must be faced by the public utility manager.

As to interest rates, all money borrowed at the present time is being loaned at far higher rates than have heretofore prevailed in the money market. Time money, borrowed on commercial paper, which formerly commanded interest rates of 4 and 4½ per cent, today fetches 8 and 8½ per cent. Weighty testimony has been given before public utility commissions by bankers and others to the effect that public utility bonds, where salable at the present time to investors, must net to these investors not less than 7½ per cent, and will, therefore, cost the borrowing utility 9 per cent and over.

Motor Busses As An Investment Field

PERHAPS nowhere better than in the city of Des Moines, Iowa, can one find material for a discussion of the investment possibilities of motor busses at a five-cent fare, because in that city busses have been operating under what appeared to be the most favorable conditions possible.

Owing to the bankruptcy of the street car company, suspension of street car service in Des Moines was ordered by the Federal Court in August, 1921. Following this court order, the busses, which for some time had been operating in competition with the street car system, became the sole public means of local transportation, and for eighty-four days attempted to serve the city.

What better opportunity could there be for an industry to demonstrate its worth! The city and its street car company at loggerheads over an inoperable franchise, and the financial necessity for an 8-cent fare, led to the introduction of busses in the first place. At that time they were received with open arms; while the motor bus men confidently declared that they would permanently supplant the street cars, and at a 5-cent fare.

The ground had been prepared for their activities by the attitude of the city administration. In December, 1920, Mayor Barton said, "We are going to make it just as easy as possible for bus men to secure a franchise and operate. The only place we will draw the line is to make sure that motor bus operators are reliable." The Mayor predicted that within three months busses would make a substantial inroad into the street railway company's earnings. He was a better prophet than he knew, for in less time than that the motor busses practically put the company out of business.

The rise and fall of the motor busses in Des Moines proved one of the most interesting phases of the struggle between the city and the company. The busses were relied upon by the Council and by opponents of the street railway to whip the company into submission. The bus men were emphatic in asserting that they could furnish adequate service at a 5-cent fare. Everything was in their favor. They were fostered by the city government which charged them only a small license fee and did not enforce the provisions of the law regarding bonds. The bus men also obtained, free of charge, valuable assistance from city experts in laying out routes, schedules, etc. During the period of their operation they ran under most favorable weather conditions. Moreover, they did not enter the field on the suspension of street car service without previous experience in Des Moines. As early as the months of January and February in 1921 a number of jitney busses were in operation which resulted in materially reducing the number of passengers carried by the street cars. In March this competition, together with general commercial depression, had reduced the average number of passengers carried by the street cars to 84,285 as against 91,894 in January. This average number was further reduced to 80,000 passengers per day for the first 15 days of April. As early as

the month of April, careful checks made indicated that the busses were carrying an average of 18,000 passengers per day, reducing the street car traffic approximately 20 per cent.

Thus, on the suspension of street car service, the bus men were not compelled to enter an untried field.

Within a week after the 8-cent fare order was issued there were 47 busses operating in Des Moines, hauling some 26,000 passengers daily. On August 4, 1921, 61 busses were in operation, hauling 57,000 passengers daily. The number of busses steadily increased until the opening of the State Fair, the latter part of August, 1921, when the peak was reached with 110 busses in service. As a result the street railway traffic decreased from 91,000 revenue passengers per day in January to 57,100 in July. Immediately after the close of the State Fair 10 busses left the city, leaving 100 busses in operation. They remained at about this number until the adoption by the City Council,* of the new franchise on its first reading on Monday, October 17, 1921. From this date, the number in operation rapidly fell away. Two days after the adoption of the franchise on its third and final reading, only 71 busses were in operation, and by the first of November, this number was reduced to 53, carrying some 16,000 or 17,000 passengers daily.

The advocates of motor busses held out to the public that capitalists would quickly form a substantial corporation to give adequate service to the city. Some of the bus men actually formed an association, termed the Des Moines Motor Bus Association, and endeavored to secure a franchise. They were without financial strength, however, and received no encouragement from the Council.

Nothing ever developed in the operation of motor busses in Des Moines, at a 5-cent fare, to encourage anyone to invest a dollar in the business. On the contrary, one of the largest manufacturers of motor busses in the country sent expert engineers to survey the field and report as to the feasibility of giving service at a profit on a 5-cent fare. These engineers reported that this was impossible and no responsible concern ever appeared to undertake the work.

While the busses operated at a 5-cent fare, they maintained no regular schedule, simply running ahead of the street cars on street car tracks and picking up the cream of the traffic. During the lean hours they laid off entirely and made no effort to serve suburban districts or sections that had inadequate street car service or lacked it entirely. As was said before, they had their trial for the most part under favorable weather conditions. During the month of April, 1921, however, a severe blizzard swept over Des Moines and the busses were practically put out of business, and did not attempt to operate at all until the street railway "sweepers" had cleared the snow from the streets. The public began to wonder what would happen with no street cars in service during a severe winter.

The congestion on the streets caused by the busses was a matter for serious thought. Even with only 100 busses in operation there was a noticeable increase in congestion. To provide seating capacity equal to that given by the street cars would have required the operation of not less than 550 busses through the loop district to carry the rush hour crowds every morning and evening which would have made it almost impossible for other vehicles to traverse the streets at those times. Even the opponents of street cars saw the difficulty of this phase of the question.

While the busses operated for a time on a 5-cent fare, it was manifest to every thinking person that they could not continue to do so, if subjected to burdens similar to those borne by the street railway system. The item of taxes and special assessments for paving alone would have made it impossible for them to operate at 5 cents. During the comparatively short time that busses operated in Des Moines, there was a noticeable depreciation of the paving on a number of streets due to the steady pounding of the big busses. The busses gave no transfers, nor did they give a universal 5-cent fare, but in some instances charged two 5-cent fares on a long haul, and during the latter part of their operation a straight charge of 10 cents was common.

Accidents were not infrequent due to the busses skidding or getting out of control. In these cases the unfortunate sufferers found that there was no responsible body to which they could look for the payment of damages as was the case when street railway accidents occurred. As a result a number of damage suits were instituted against the city for failure to properly regulate the busses.

It was conclusively proved in Des Moines that bus service even at the best was limited and utterly inadequate. From advocating motor busses as being the solution of the transportation in Des Moines, Mayor Barton came to recognize their limitations, and in a letter to the City Council said, "I cannot make myself believe that it is possible for the busses to care for the transportation needs of this city. They cannot operate successfully on unpaved streets, nor on streets where the paving is old or in bad condition. They will not operate on the long and unprofitable hauls. Only a part of the lines are served. These are the best paying lines and are not followed to the end in the majority of cases."

If, under the conditions described, busses not only proved inadequate, but also failed to attract investors, it is difficult to imagine a case in which they could justify themselves as a sound business enterprise. There, if anywhere, was a favorable opportunity for free capital to experiment, but none was forthcoming to take the hazard.

The motor bus experiment in Des Moines, taken by and large, affords good ground for questioning the bus at a 5-cent fare as a profitable field for investment at the present time.

*The City Council of the city of Des Moines adopted the new franchise submitted by the Des Moines City Railway Company on its third and final reading on October 24, 1921, and called a special election to be held November 28, 1921, for validation of the franchise by the electors. A suit was thereupon instituted in the District Court by a tax payer, applying for an injunction to prevent the holding of the franchise election on the ground that the steps taken by the Council in calling the election did not comply with the statutes. On Saturday, November 26th, Judge Hume of the District Court, issued an injunction preventing the city from holding the election. The Corporation Counsel of the city thereupon appealed to the Supreme Court of Iowa, which issued a stay order permitting the election to be held. This, however, left certain legal questions connected with the calling of the franchise and connected with the ordinance itself, unsettled. These questions will be heard before the Supreme Court of Iowa on January 13, 1922.

Immediately after the election the City Railway took steps to restore full and adequate street car service, and at this date such service is being rendered. In return for the re-establishment of complete service the City Council of Des Moines adopted an ordinance re-routing the motor busses, under which busses are ruled off all streets on which street cars operate, except that busses may cross such streets in order to get to their terminals in the loop district.

It is yet too early to report the result of receipts of operation under these new conditions, but the management of the company reports that so far the traffic has been very satisfactory.

Concerning Public Utility Rates

By GEO. W. WEBER

INSTEAD of adjusting local transportation fare-rates conformably to war-induced increased operating costs, New York City adhered to the five-cent fare-rate. Recently the "Transit Commission" of that city—a highly qualified and trustworthy body—published a report explaining New York City's local transportation conditions with a plan for a financial reorganization, unification and management of all the now disassociated integers of the city's transportation service. After criticising, and justly, non-conservative business management of the companies in some respects in the past, the report says that, with the single exception of the Manhattan Elevated Railway Company, none of the companies has paid a dividend for three years.

The reader will recall that the municipality of New York invested heavily in the construction of the subway, expecting that—leasing it to an operating company, with fare-rates at five cents—it would pay interest on the City's investment and provide a sinking fund to extinguish the principal. The Commission's report says:

> As a further consequence to develop sufficient revenues (at the five-cent fare-rate) the interest upon the City's share of the investment in the dual subways

which, by this time, should have been carried from the earnings of the roads, is still carried annually in the City's budget and paid from taxation. In the budget for 1921, the sum of these charges for interest and sinking fund requirements amounted to over $9,500,000. For 1922 it will be greater.

Dividends not having been paid, interest and taxes having been defaulted, and supply bills unpaid, it cannot be said that the losses have been due to capitalization—"watered" stock. In New York City the mileage is less; the average distance-haul of passengers about one-half that of Chicago; the pay of traction operations 25 per cent less; and, the traffic is denser and more evenly distributed as to hours and location. The actual cost to vender of the five-cent fares has been six and forty-three hundredths cents, exclusive of the city's loss on its $200,000,000 subway investment and no dividends paid to investors; on the New York Elevated, 6 90-100 cents.

New York City is endeavoring to find a way to make its transportation system adequate, self-sustaining, relieving the taxpayers of the burden of $10,000,000 a year, and the loss of millions of dollars of tax revenues. The plan of the Transit Commission provides for increasing the fare-rate if need be sufficiently to enable the lines to take care of the people, and extend their service. After reorganization, the fare-rate is proposed to be continued at five cents. At the end of the year, if there be a loss, the fare shall be increased enough to prevent further loss, and enough, also, to pay for the loss already sustained, together with enough more to help building up a "reservoir fund"—or "surplus fund" of about $15,000,000. And all of this in addition to improving the service, extending the lines, and paying inducive returns on the capital invested out of fares received.

In Chicago we have had the reverse of the New York experiment—fare-rates being increased conformably to increased operational costs.

I will undertake to explain the conditions which should govern the fixing of public utility rates in Illinois. Four periods have existed:

1. Originally only the legislature granted franchises to public service corporations to use the streets of the cities, the legislature fixing, or limiting, the rates of service.
2. The Constitution of 1870 put an end to legislative franchise grants. Under it the legislature empowered cities to grant franchises to use the streets for public utility service. Rates were fixed by cities in granting franchises; but, the legislature never gave cities power to establish rates, or regulate them once they were fixed.
3. In 1913 the legislature enacted a law—approved by Gov. Dunne—creating the State Public Utilities Commission and delegated to it all of the powers of the legislature in regulating the service and rates of public service concerns.
4. In 1921 the legislature abolished the Dunne Public Utility Commission, and created, to take the place of it, the State Commerce Commission.

In his pre-election campaign, Gov. Small promised that the legislature would abolish the State Public Utility Commission—and, it did so by supplanting it with the existing Commerce Commission—practically the same thing, except that all of the new Commission's members could be named by Gov. Small. Appeals to the courts can be taken from the Commission.

The charge for public utility service is the principal question to be determined by the Commerce Commission.

The Constitutions—State and Federal—prohibit the taking of property without compensation—by confiscation. This, applied to public utility rate-making, amounts to saying that the service-rate charged by a public utility shall not make the rate-payer pay for more than he gets. By the same rule, the stockholders of a public utility concern cannot be made to supply transportation, gas, or other service to their patrons at rates so low that all, or part, of their property will be taken from them—confiscated—and given to their patrons. If the Commission fails—makes rates that go too far in either direction—the courts will sweep such orders aside. But the courts will not—cannot—make a new and just rate in place of the rate set aside, because to do so would be a legislative—not judicial—act.

Certain principal and controlling factors must be determined and taken fully and fairly into account by the Commerce Commission and the courts in determining public utility service rates.

1. First, determine the amount of the investment necessary to perform the service required.
2. The interest rate which will induce investors to invest in, and retain investments in, public utility securities.
3. The sum, or ratio, to be set aside each year, to renew the property, or, pay off the principal.
4. The annual operating expenses—including wages and supplies—and ordinary repairs, and for maintenance, personal injury claims, taxes, and other incidentals.
5. As accurately as possible, determine the volume of service—the feet of gas to be supplied—the number of persons to be transported.

Having determined the foregoing as nearly as human discernment can do, and honestly, free from political scheming, it becomes wholly mathematical to fix a "just and reasonable rate," as the law requires the Commission to do—or, have its orders set aside by the courts.

Charles Evans Hughes, now Secretary of State, laid down the rule in the New York Interborough case, that the investment value of a public utility concern's property, once having been fairly determined, should remain undisturbed. President Roosevelt, in a letter to Lyman Abbott, editor of the *Outlook*, published recently, expressed his belief that long-outstanding securities of corporations should not be outlawed in rate-making.

All Chicago public utility rates have been, and now are, based on the honest judgment of the Commissioners as to what will produce a just and reasonable return to investors on a fairly-determined valuation of each public utility's necessary investment—regardless of outstanding securities.

Just a year ago the Lowden Public Utilities Commission determined the Peoples Gas company's investment—on which the company should be allowed to earn interest—to be $85,000,000. This has been increased by subsequent additions of property to $87,645,155. The Lowden Commission fixed the rate of interest which the Company might earn on its investment at 7½ per cent. At the same time it fixed a rate for gas—$1.15 per thousand cubic feet—which it believed would produce this return of 7½ per cent on the valuation found by it. It now appears that for the past ten months the Company's income, available for paying this 7½ per cent, has been sufficient to pay about 8 per cent. However, it does not appear that the Company intends to pay stockholders as much as 7½ per cent. On the other hand, it has been putting, and will continue to put, most of its net income—its dividend fund—into a "surplus fund." At the beginning of the War the Company had a surplus fund of about $15,000,000. The cost of materials and labor used in making gas, increased—doubled—trebled—and the Company—in addition to ceasing all dividend payments—paid out all of this surplus fund to keep on supplying gas to consumers at 80 cents—at great loss. And the Company paid out, in addition to all of its surplus fund and withheld dividends, millions more—among other items borrowing money to pay its million dollar tax-bills, until it was millions in debt for borrowed money to pay running expenses. The debts for borrowed money have now been paid. But no dividends have yet been paid. Thus far, a comparatively small amount has gone to build up a new surplus fund. I cannot leave this phase of this interest matter—"surplus funds"—without recalling attention to the "reservoir fund," proposed to be established by the Transit Commission of New York City, which is but another name for the ordinary public

utility "surplus fund." That is to say, the reservoir fund would be an accumulation from profitable years to enable operation in unprofitable years; and, vice versa. All banks are required to keep a reservoir fund of cash. All successful business concerns carry a large working capital.

The rate per cent of interest return on the investor's money put into a public utility cannot be arbitrarily fixed by the ante-election promises of those who appoint commissions. The money-market fixes it. If the interest rate be inducive, money will go into public utility improvements; if not inducive, it will get out, and stay out, of such investments; and, that means less cars and facilities with which to serve the public. Public utility investments must, also, have the assurance that politicians will not continually menace capital put into public utilities. A compilation of bond loans made by public utilities all over the United States during the last two years shows the average interest rate to have been nearly 9 per cent. The Commerce Commission says six per cent is enough.

The Elevated railroad's fare-rates, as fixed by the Lowden Commission, are to be attacked by those controlling the Small Commission.

Those who travel on the Elevateds should consider that good service, and rapid, does not go hand-in-hand with starvation fare-rates. Likewise, owners of property, too suburban to be served by the surface lines, know that their property values and rentals rise or fall—not with a few cents variation in Elevated rates—but are most affected by the character of the Elevated service supplied. Inadequate and slow Elevated service will drive the most desirable population away from the new centers. And, it is worth while to consider that nearly one-third of the fare-payers on the Elevateds now pay ten cents, instead of buying four tickets at 8¾ cents a ticket.

At the present time, when insincere political agitators are hiring mercenary lawyers and experts to ask for a 5-cent fare-rate on the Elevateds, the Companies are paying their employes 5¼ cents out of every fare collected. Reduced fare-rates would compel reduced wage-rates.

Here are some figures—for those who like to deal with actualities—figures comparing the gross receipts, and other items, of Elevated business under old five-cent fare-rate and former wage rates, with present fare-rates:

	With 5c fare-rate	With present fare-rate
1. Income from fares	$10,260,000	$16,528,000
2. Operating expenses and taxes	7,529,000	15,017,000
Per cent of expenses to fares	73	91
Payroll per cent to fare income	36	57
Wages out of each fare (cents)	1.88	5.25
Average fare collected (cents)	5.18	9.25
Percentage paying cash fares	...	31

Unfortunately for all concerned, the outstanding securities of the Elevateds exceed the Lowden Commission's estimate of the Elevated's property values. That this is so, arose from the financial conditions under which the Elevateds were constructed —of which I was then, and now am, well acquainted. The public should know fully and well that the fare-rate fixed by the Lowden Commission was designed to pay—not 7½ per cent on the Elevateds' securities—but 7½ per cent on the value of the Companies' existing tangible property, only.

Despite the higher fares under which it operated during eleven months of the fiscal year ended June 30 last, the Chicago Elevated roads earned only $102,015 in excess of fixed charges, including bond interest, according to a report just issued. As this surplus did not meet dividend requirements, it was carried to profit and loss surplus and no dividends were paid. For the year gross operating revenue increased $2,691,174, but operating expenses increased $2,532,961. Net income increased only $4,198 over the preceding fiscal year.

Mayor Thompson's lawyers contend, in their Gas case arguments, that, because the Gas Company has earned somewhat more than 7½ per cent on the Gas Company's property value, the price for gas ought to be reduced. By the same rule, the Elevateds, not having earned 7½ per cent on their valuation, should have been fare-rate increased.

I have earnestly exerted myself to obtain and understandingly present the facts. Those who use public utility services are more concerned to have good service than they are to have meager rates. The greatest remedy for high rentals is housings in the suburbs—and, "suburbs" is not a matter of lineal mileage distance; rather, it is a matter of getting to and from—of transportation—rapid, commodious, comfortable. The Peoples Gas company set itself back in cash resources to supply gas at 80 cents during the War. Its 50,000 individual stockholders were bereft of dividends and saw the principal of their investments all but vanish—and to many of them this meant vastly much. The question for those who need, for those who must have, public utility service, is, whether the Gas company and Elevateds shall be put back onto a base or be retained as footballs in the Thompson-Small stadium of local politics.

Customer Ownership Has Come to Stay

By WILLIAM H. HODGE
of H. M. Byllesby & Co.

THE customer ownership policy has come to stay in utilities. It does two things of inestimable value for these industries, both of vital importance—building up better public relations and providing the means of equity, or junior financing. It has worked so well that the utilities which have tried it would not think of abandoning the innovation.

Customer ownership means selling the dividend paying stock of electric, gas and other utility companies direct to the customers of the individual corporation. As a result a large and increasing list of home shareholders is created from among people in all walks of life, and funds are raised for construction purposes—and new capital for extensions and improvements is the very life blood of progress in the utility business.

Statistics from 40 important utility organizations practicing customer ownership were compiled and presented to the last convention of the National Electric Light Association. They showed that these companies, serving the needs of upwards of 13,000,000 people, had added 93,000 new shareholders by customer ownership methods during the past few years. The securities sold aggregated about $100,000,000 par value. It is safe to say that 300,000 new financial partners in the utilities have been created in the United States during the past six years.

The Byllesby organization demonstrated the practicability of this idea in the utility field. The Pacific Gas & Electric Company started it in a rather narrow way in 1914. The Byllesby companies, starting a year later, popularized the suggestion, inaugurated easy payment purchase plans, made it comprehensive and democratic, developed advertising and sales methods, reported results in convention papers, magazine and newspaper articles and rendered assistance and counsel to nearly every other utility company which has adopted this innovation.

The Byllesby companies alone, serving 2,200,000 people in sixteen states, now have 25,000 home shareholders owning upwards of $20,000,000 of preferred stock-customer shareholders who receive more than $1,400,000 annually in dividends.

This movement is so important to the public welfare, so interwoven with industrial and community progress and so sound economically and financially that it should have the support of all influential people. Nevertheless it is a byword among utilities practicing customer ownership that until recently little or no assistance is to be expected (with certain exceptions) from the local bankers—in fact their securities sales are expected to receive more hindrance than help from the banking fraternity. This covert opposition from the

bankers is lamentable and shortsighted. It should not be continued.

Every thinking citizen today realizes the vital importance of the utilities, and the fact that communities cannot grow or industries expand unless the utilities can extend their lines and services. Illustrations and examples may be found everywhere. A graphic case may be taken from the San Joaquin Valley in California. This has been a most fertile and productive section ever since the settlement of the state. But when the land is irrigated by pumping with electric power, the production of wealth from an acre of ground is multiplied as much as 20 times. More income from the crops means more money in the home banks, more business for the merchants, more building, more improvements, more employment. So to say that investment in additional electric transmission lines is not decidedly in the community's interest, and very materially in the banker's interest, would be absurd.

Expansion in these industries must come from new capital, and a fair proportion of such capital must be obtained from the sale of stock, or equity securities, as contrasted with bonds or notes, that is—interest bearing securities representing funded debt. The best, and frequently the only, market for equity securities of utilities is in the territories which they individually serve.

If a local bankers wants to see his service companies extended so that his town can grow, building construction stimulated and the proper inducements offered to industries, he can do no better than actively promote the local sales of home utility stocks. It is in fact very close to a positive duty that he owes to his community.

Money invested in the dividend paying stocks of sound local utilities may be withdrawn temporarily from the banks, but this capital does not leave the community. It goes into new lines and mains to provide useful service, and these in turn cause building, business and production—that chain of activity bringing increased wealth and increased bank deposits, loans and profits.

If the equity capital for utility extension comes from outside the community the dividends paid for its use go abroad. Under the customer ownership plan they stay home and are employed in local spending and saving. Instead of taking money away they keep it home and the ultimate result is bound to be in the banker's favor.

There are many other good reasons why bankers should favor customer ownership and not condemn it, by silence or faint praise, when a savings depositor wishes to withdraw a few hundred dollars to invest in utility stock. For example, customer ownership keeps much money from going into worthless and risky schemes, both in and out of the community. The appeal of customer ownership is broad. It reaches all the people, wage earners included. The partial payment plan of investing appeals to many. In some places the average holdings are but $500 to $600 per shareholder. Many of these investments are made by ignorant persons, choice prey for the wild cat promoter.

Thousands of dollars have gone into the Byllesby properties from old socks, tin cans and back yard treasure boxes. A woman walked into the office of the Louisville Gas & Electric Company, for instance, with a big market basket filled with $6,000 of currency in small denominations which she had kept hidden about the house for years. She could never be induced to deposit her savings in a bank, but she bought the Electric & Gas Company's preferred stock.

A very considerable part of investments through customer ownership never saw a bank or could be coaxed into a bank.

Thrift is promoted by customer ownership partial payment plans. In cities like Minneapolis large numbers of people have started to save who never accumulated before, and the great majority complete their contracts and become profit-sharing partners of the progressive utility companies which have made this opportunity possible to them and sold them the idea by aggressive and persistent advertising. Every banker surely is interested in promoting thrift. Here is a splendid chance for him to cooperate, not by solemn, dubious head shakings and the mention of some mortgage, or outside corporation bond, he may have for sale, but by a hearty recommendation in the interest of his depositor, his community, and his bank.

And yet we find men in charge of customer ownership selling declaring that "the banks will spoil all the sales they can for us, so we might as well count them out."

Customer ownership will not supplant the banking houses of the country in their work of financing extensions and additions to utility companies. It will serve as a means of equity, or junior financing very well, but it can hardly, except in comparatively few places, do the major financing—that is the distribution of bonds and notes.

Part of the captial may be obtained at home, but not all of it. Great amounts of money must continue to be raised in the future as in the past, by the banking houses which possess the confidence of large numbers of substantial investors and the selling mechanism necessary to secure a wide and quick distribution. But the building up of shareholders' lists at home will add to the stability of the company and will partially relieve the banker of the difficult work of selling stock as compared with bonds.

During and since the war, until a few months ago, it has been almost impossible for banking houses to sell quantities of the stock of utility companies except at prohibitively low prices. However, quite a number of utility companies did not sell their stock direct to the public at good prices during this very period. A vivid object lesson was provided of what can be done along these lines under severe stress. The majority discontinued active efforts after the second Liberty loan, but the companies mentioned kept right on because they needed capital for equipment to serve industries, discontinuing sales work only during the Liberty loan drives. The companies that kept on were generally successful.

Customer ownership secured the money for these companies when they needed it the most and did it on a cost basis comparable with and better than many of the bond and note issues. Even though people were subscribing in an unprecedented way to huge Government loans, numbers of them found it possible to invest in their utility companies when the stock was offered direct and the construction necessities were explained to them as not inconsistent with patriotism.

Customer ownership is nothing more or less than a mutualization of the utilities. It means popular but not municipal ownership. It is making the people financial partners in the service companies and at the same time preserving the responsibility, initiative and economy of private enterprise. It opens the door in a friendly way to every citizen who is able to produce and save a few dollars and makes him a cooperating friend instead of a suspicious, envious antagonist.

Customer ownership will not mean a license for excessive profits or indifferent service. It will not permit a corporation to obtain undue favors from the legislative bodies of states or cities. It will not give a company political security unless it keeps itself modern and efficient. But customer ownership will establish friendly connections with a large number of citizens and voters; will share with them the earnings from the business and will so modify destructive criticism as to approach within reasonable distance of the equation which means peace, prosperity and recognition of useful service well performed. It should help to stabilize American finance, society and industry.

Cities Service Co. in Oil Industry

By FRANK V. McCABE
Of Henry L. Doherty & Co.

THE year 1921 brought about many unlooked for changes in the oil industry of the United States and as a result of these changes the stocks of many first class oil producing companies sold at bargain prices. New development work in the oil fields was practically at a standstill throughout the larger part of the year as a result of the reductions made in the price of crude oil following the pro-rating of pipeline runs in December, 1920, and January, 1921. The drastic changes brought about through the year were not, as some might think, based wholly on the problems of demand and supply. The big factor was one largely of a financial nature, because the large producing companies questioned the advisability of incurring the heavy expense incident to carrying large amounts of oil in storage under the then present condition of high rates for money and the excessive cost of all factors connected with the storage of oil. The first step, therefore, was the prorating of pipelines and then came the reductions in price. Months of demoralization in the oil industry followed, accompanied by a steady reduction in the price of all grades of crude oil. Mid-Continent crude sold down from $3.50 per barrel on January, 1921, all the way to $1.00 per barrel, which was the price quoted on September last; Pennsylvania crude, which sold at $6.10 per barrel on January 1st, was gradually reduced, as were all other grades of crude, until on September 27th it sold for $2.50 per barrel.

September Brings Recovery in Prices

The first signs of a recovery came with the end of September, and since that time there has been a steady improvement in the oil industry which experts believe will continue until we see once more record prices for high grade crude oil. At this writing Mid-Continent crude is selling at $2.00 per barrel, the increase from $1.00 being made within thirty days in three separate advances — two of 25c each and one of 50c. While past history of the oil industry shows the recovery from the bottom has always been as sharp as the decline from top prices, the recovery in this instance came much more quickly from a price viewpoint than ever before. In the past when the crude oil market had reached low levels the recovery in price, while sharp, would come in small advances from 10c to 15c a barrel, but the advance of 100% in Mid-Continent crude in thirty days, which is the result of three increases, would seem to be of great significance as it points to the fear of leaders in the industry of an imminent shortage of available crude oil. There is no question that the reasons for these advances were most impelling. The intrusion of salt water in the big light oil production of Mexico probably was of paramount importance, while combined with this was the declining domestic production coupled with an unusual demand for various refined products. Refiners are now taking more oil from the pipe line companies than at any other time this year. Taking into consideration the small number of new wells being drilled, and the steadily declining production of domestic crude oil, the big refiners are buying as much crude oil as they can lay their hands on in order to take care of future demands and to protect the requirements of their refineries for the coming year.

Depression Caused Dividend Suspension

During this period of depression from which the oil industry is now fast emerging, the big producing companies, in the interest of their stockholders, had to pay strict attention to the conservation of cash resources. Many of the smaller companies suspended dividend payments altogether and not a few experienced extreme hardships which were reflected in earnings.

Cities Service Company, which, through subsidiaries, is one of the most important producers of high grade refinable crude oil in the United States, was fortunate in that it did not have to depend entirely on its oil properties for revenue. Controlling, as it does, 79 public utility properties which serve over 600 communities in the United States and Canada, the company was not as severely affected as might have been the case had it been engaged solely in the oil business. Nevertheless the chaotic conditions in the oil industry warranted the conservation of the company's cash resources if the stockholders' interests were to continue to be paramount in the activities of the company, and with much thought to the then present position of the company and a greater thought to the future, the Board of Directors on June 10th decided to carry out the recommendations of its president, Henry L. Doherty, which were that all dividends then being paid in cash and stock on the stocks of the company be continued, but beginning with the dividend payable July 1st these dividends be payable in script. Once before, in July, 1914, at the beginning of the great European war, Cities Service Company deferred dividends on its stock, not issuing even scrip dividends, but the wisdom of this action was reflected in the benefits which accrued to both the company and its stockholders. In the latter part of the following year the dividend payments were resumed and the stockholders were rewarded in a most satisfactory manner for any hardship undergone through the deferring of these dividends for a time.

Drilling for Oil Soon to Resume

Oil producing subsidiaries of Cities Service Company from the date of the first signs of depression in the industry have limited their development and other work to the lowest possible minimum, drilling only offset wells and here and there a well to fulfill lease requirements. As a result of this policy oil producing subsidiaries are in a position to begin an active campaign of drilling at any time upon a very large acreage of leases actually demonstrated by the drill to be producing, although it is not probable that any of the producing companies in the Mid-Continent field will resume drilling activities until the coming Spring. Several exceedingly valuable leases were obtained by Cities Service Co. in the newer fields in Kansas, Oklahoma and Texas just prior to the advance in crude oil prices which in turn resulted in an asking of greatly advanced prices for producing leases by the owners.

With the conditions in the oil industry steadily improving and the public utilities of the country in much better shape than at any time since the beginning of the World War, Cities Service Company enters the year 1922 with much confidence and many promising things ahead. In spite of the conditions existing in the oil industry throughout the greater part of 1921, new records of production and consumption were established. It is estimated that the domestic crude oil production for the year 1921 will be 475,000,000 barrels—not such a large figure when it is considered that 90% of Mexico's production is consumed as fuel oil for shipping and industrial purposes alone. Of this 475,000,000 barrels, approximately one-fourth will go to supply gasoline for motor vehicles, leaving 357,000,000 barrels to take care of all other requirements, chiefly lubricating oil, kerosene and fuel oil.

Fuel Oil Requirements of U. S.

The fuel oil requirements of the United States, including exports, at present average about 200,000,000 barrels a year. Mexico supplies fifty per cent of this and the United States the other fifty per cent. If fuel consumption continues to increase, however, Mexico's output will certainly have to be supplemented by production from fields in other countries, because even our own fuel oil requirements cannot be met with the amount of fuel oil produced from American crude. And were we without this Mexican production the United States would have to increase crude output at the rate of 300,000 barrels per day.

No new pools of consequence have been opened in the Mexican fields although extensions have been made to two old pools. More than one-half the present daily production in Mexico is derived from the Los Naranjos, Amatlan and

North Zacamiztle fields, in which, according to experts, practically every well is so affected by salt water that the potential production dropped fifty per cent in the month of September, clearly indicating that these fields are moving rapidly toward extinction.

Another factor which points to a coming oil shortage is the recent action of the large oil producing companies in paying record prices for leases which the Government sold in the Osage Reservation of Oklahoma. This sale produced $7,267,600 compared with $4,559,100 at the previous sale, and the prices paid by individual companies would indicate that they expect prices for crude oil will touch materially higher levels in the not far distant future. Companies affiliated with Cities Service Company have large holdings of both developed and undeveloped leases in the Osage and they are looked upon as being some of the most valuable oil properties in the Mid-Continent field.

Progress of Utilities in 1921

Generally speaking, public utilities have made wonderful progress during the past year. Net earnings of the large central station companies are already reflecting the improved industrial situation throughout the country and everything points to a continuance of such improvement for the year 1922. There has been a marked change in the public's attitude toward utility companies, and their great importance to the communities they serve and to the nation as a whole is at last being recognized in full measure. Reduction of money rates has made financing to meet the requirements of the present day needs easier and regulatory bodies generally have shown a disposition to be governed by changed conditions rather than by arbitrary precedents of the past. As a result, we find today a healthier tone prevailing in public utility circles which, if accomplishing nothing else, has certainly stabilized market conditions.

The rapidity in which recent offerings of large public utility concerns have been snapped up is nothing less than remarkable and further indicates that these important arteries so essential to the nation's welfare stand in a more favorable light today than for some time past.

The public utility division of Cities Service Company has continued to show gratifying results, each succeeding month during the latter part of 1921 showing increased net earnings. Demands being made upon the company's electric and gas subsidiaries indicate steady revival of business and this may be taken as an indication of conditions generally because Cities Service subsidiaries serve over 600 communities scattered throughout the United States and Canada.

During the Summer months and in the early Fall considerable maintenance and replacement work was carried on, so that the public utility properties of Cities Service Company are entering the period of their peak demand in better physical condition than at any time since 1914.

Cities Service Co. Financial Transactions.

Of the important financial transactions carried out by Cities Service Company during the past year, the organization of the Toledo Edison Company and the Ohio Public Service Company stand out.

The Toledo Railways & Light Company for many years past has been the center of political controversy. During the early part of 1921, as a result of a vote of the people of Toledo, the street railway properties of the company were segregated and a new company formed under the name of the Community Traction Company. The Toledo Railways & Light Company continued business, but solely as a generating and distributing company for electric light, power and gas. During the latter part of 1921 the name of the Toledo Railway & Light Company was changed to the Toledo Edison Company, and the Acme Power Company, operating as a large central generating station in Toledo, was consolidated with the Toledo Edison Company. Under the change, the Toledo Edison Company is now in a satisfactory position as regards working capital and means for financing future requirements. The authorized capital stock of the new company consists of $15,000,000 of Common, $6,000,000 of Prior Preferred 8% Cumulative stock and $4,000,000 of Preference stock 7% cumulative. Upon organization, the Toledo Edison Company issued $13,500,000 first mortgage 7% bonds, due 1941, and these were sold to a banking syndicate headed by Harris, Forbes & Company, as syndicate managers, and the National City Company. The books on this offering were closed almost as soon as opened with an over-subscription.

The Toledo Edison Company now has outstanding only two bond issues—the $13,500,000 First Mortgage 7% bonds, above referred to, and $1,875,400 of the Toledo Gas, Electric & Heating Company Consolidated Mortgage 5's, due 1935.

Ninety-three per cent of the outstanding amount of Common stock of Toledo Edison Company is owned by the Toledo Traction, Light & Power Company, which also owns $1,500,000 par value of the Toledo Edison Company Preference Stock 7% Cumulative, Series A, $7,925,000 or 100% of the Community Traction Company First Mortgage 6% Gold Bonds and $500,000 par amount of the Community Traction Company 8% Cumulative Preferred stock. Over 95% of the outstanding common stock of the Toledo Traction, Light & Power Company is owned by Cities Service Company. The Toledo Edison properties, as well as those of the Community Traction Company, continue under the operating management of Henry L. Doherty & Company.

Utility Merges with Cities Service

The properties of the Massillon Electric & Gas Company, Trumbull Public Service Company, Alliance Gas & Power Company, Lorain County Electric Company and Utilities Construction Company, Ohio subsidiaries of Cities Service Company, have been combined into one concern—the Ohio Public Service Company, which is also controlled by Cities Service Company through ownership of practically all outstanding stock with the exception of directors' qualifying shares.

The new company will tie together by transmission lines various communities which the component companies originally served as individual units. The connecting up of these properties will make surplus capacities in certain plants available to other plants, which will save installation of new equipment as well as centralize as far as possible the generating equipment, and will greatly improve the load factor. Properties served by the new company include Warren, Alliance, Massillon, Elyria, Lorain and other communities in the vicinity of these cities. The company will do all the commercial electric light and power business of these districts without competition and will furnish electric power at wholesale to companies supplying other communities in these territories. In addition to the electric business the company will do all the natural gas business in Alliance and most of the industrial gas business in Warren.

The possibilities for development of electric power business in the territory which the new company serves are almost unlimited and by the connection of the properties by an adequate and modern high tension transmission system more highly efficient operation is insured. The company will have an extensive and diversified field for distribution and a more uniform supply of electric power at an economical cost of production.

Cities Service Company today stands forth among the large corporations of the United States in point of number of stockholders, being surpassed in this respect only by the United States Steel Corporation, American Telephone & Telegraph Co. and the Pennsylvania Railroad Company. Its securities are widely scattered throughout the United States and are held in many foreign countries.

Public Service Company of Northern Illinois

THE Public Service Company of Northern Illinois has adopted a unique method of illustrating graphically the great diversity, and therefore, the stability, of demand for its service in the fifteen Illinois counties where it operates.

The company has prepared a map of the territory (page 5, section 2), which is in the nature of an "aeroplane" view. On this map the physical characteristics and aspects of the territory are pictorially indicated in miniature. This brings out, as it could not be done by an ordinary map or by description, the extraordinarily varied character of the market for the company's service: the great industrial districts surrounding Chicago from the Indiana line to Waukegan and including such centers as Joliet, Chicago Heights, Harvey and North Chicago; Evanston, Oak Park, Cicero, Maywood and other populous suburbs of Chicago, the residential "gold coast" annex to Chicago, stretching north to the Wisconsin line; thriving cities like Kankakee, Pontiac and Streator; coal-mining districts of north-central Illinois; the rich dairy district directly west of Chicago and the fruitful corn belt.

This diversified territory, as the map also shows, is connected by high-tension electric transmission lines and high-pressure gas mains, so that electric and gas service is made available in scores of communities where such service would be unknown if community plants were depended upon.

Financial Operations

Figures of the results of the business of 1921 are not yet available, but it may be stated that operating revenue in 1920 was $11,415,088, which showed an increase of $2,328,861 over the corresponding figure for 1919. The gross income for 1920 was $3,549,281, out of which was paid $1,911,394 for interest on funded debt and $1,245,909 for dividends. At the beginning of 1921 the unappropriated surplus stood at $1,441,297.

During the year 1921 the company paid off $914,500 of its 6 per cent debentures, which were retired March 1, 1921, and $171,000 of La Grange Water, Light & Power Company first-mortgage bonds, which matured December 1, 1921. In order to retire the debentures and to provide for the growth of the company's business $2,000,000 of fifteen-year 7½ per cent convertible gold debentures were issued bearing date March 1, 1921.

Statistics of Service

The company's business is large and shows a healthy growth. Its electrical output is about 1,000,000 kilowatt-hours a day and its gas output about 8,000,000 cubic feet a day. Growth in number of customers is shown by the following tabulation:

	*1921	1920	1919
Electricity	115,676	106,305	96,783
Gas	73,388	71,164	68,339

*As of November 1, 1921.

The company owns large interests in producing coal mines, and in 1921 consumed about 460,000 tons of coal for the production of electricity alone.

Stock Ownership by Customers and Employes

During the year the company has made steady progress in carrying out its policy of distributing its securities as widely as possible among its customers. At the present time there are more than 10,000 stockholders, compared with 2,455 in 1919. In addition some 2,500 subscribers to stock will shortly become stockholders. Headquarters of the company's investment department are at 72 West Adams street.

More than 58 per cent of the employes of the company are either stockholders or stockholders in the making. Twenty-nine per cent of the stockholders are women. It is worthy of note that in the towns of Worth, Ransom, Ellwood and Lake Zurich, all of which are served by the Public Service Company, one in every twelve residents is a stockholder. Nearly 90 per cent of the company's stockholders are residents of Illinois.

A Great New Generating Station Planned

If all goes well, the building of a great new electric generating station on the shores of Lake Michigan at Waukegan may be begun this year. The company has purchased property comprising about 85 acres for this development. This steam electric plant is planned for an ultimate development of 220,000 kilowatts, or about 300,000 horsepower, which will make it rank well toward the top among the world's great generating stations. At first two 20,000 kilowatt generating units will be installed, with necessary boilers, steam auxiliaries and electrical apparatus. A steam pressure of 350 pounds will be utilized in conjunction with a super-heat of about 200 degrees, making for high fuel economy. From this generating station electricity will be transmitted over a wide area, fitting into the superpower development of Wisconsin and Illinois.

Management and Employes

The cooperative council, an instrument for practical cooperation between management and employes, is functioning well, and its work is one of the oustanding features of a successful year. An employes' sick benefit association has been formed, and at Christmas time the company again gave to every employe as a present an insurance policy insuring his life for one year. This free life insurance will doubtless be continued in the future indefinitely.

The directors of the company are Frank J. Baker, Henry A. Blair, Louis A. Ferguson, William A. Fox, John F. Gilchrist, John H. Gulick, Martin J. Insull, Samuel Insull, Frank G. Logan, Charles A. Munroe, John L. Norton, Edward P. Russell and Solomon A. Smith.

The officers are: President, Samuel Insull; vice-president, Frank J. Baker; vice-president, Charles A. Munroe; vice-president, John H. Gulick; assistant to the president, John F. Gilchrist; secretary and treasurer, George R. Jones; auditor, S. J. Palmer; assistant to vice-president, J. L. Hecht; assistant to vice-president, John G. Learned; assistant secretary, and assistant treasurer, E. E. Brenneman; assistant secretary, J. M. Nelson; assistant auditor, H. W. Wyman.

Railroads Must Turn to Electricity

EARLY last month Associated Press dispatches from Washington announcing the completion of a report on the so-called superpower plan for the Atlantic states carried this item to thousands of newspapers in the country:

"Electrification is the next step in railroad expansion absolutely necessary to increase both the capacity and efficiency of our transportation system. Incidentally the annual saving of millions of tons of coal by the railroads would greatly increase the available car supply. These economies on a truly national scale will affect, the report said, not only coal, but capital expenditures as well, and especially the output of human energy. More and cheaper electricity must surely add to the comfort and prosperity of our citizens, and this report on a superpower system is submitted as a contribution of the department of the interior to the common welfare."

The major advantages of railroad electrification include increased line capacity, because of increased train speed and heavier train loading; fuel economy, because of the more efficient conversion of heat units into power; lower maintenance costs, because electric locomotives require fewer repairs than steam locomotives of equal capacity; and increased serviceable locomotive hours, because the electric locomotives may be used more continuously and require less terminal attention between trips. The elimination of smoke makes traveling more comfortable and adds to the value of nearby property.

When a department of the national government thus

puts itself on record, as quoted above, there is not much doubt that electrification of railroads is on the way. Think of the big field this will open for the sale of electricity by companies which are equipped to produce it economically and in large quantities.

Centralization of the production and distribution of electrical energy over a large area, supplying the diversified needs of the community or of a large number of communities from one central source of supply, has long been recognized by the companies which issue this little paper as of the utmost economic importance.

In the North Central States the process of interconnecting the networks of electric transmission and distribution lines, gradually eliminating small and uneconomical power stations and centralizing the production of energy, both by steam and waterpower, in large economical plants, has been going on for many years. This process is essentially the same as that contemplated in the government report referred to above, a report on a "superpower" system for the Atlantic States. The word "superpower" is comparatively new, but the idea has been under gradual development in the Central West for a long time.

The purpose of the study of the eastern "superpower zone" was to show the saving in labor, material and money that might be effected by the installation of a unified power system adequate to serve the railroads, municipalities, utilities and industries in the zone. There is no thought that this system should seek to supplant, or even to compete with, the existing electric public utilities. In fact, the idea of the "superpower" system is to co-ordinate and tie together and supplement these utilities so as to carry to a higher degree the economies incident to their present operation.

W. S. Murray, the New York engineer, who prepared the "superpower" report for the government, recommends centralizing the production and distribution of electrical energy and the construction at advantageous sites of large economical generating plants. It is also his belief that the production of electrical energy should be confined to those in the power business and that the railroads should purchase electrical energy and confine themselves to the transportation business.

It is interesting to note that this report on the proposed eastern "superpower" system, made under government auspices and with the aid of government appropriation, should approximate so closely to the actual electricity-supply development being worked out in the Middle West under existing commercial conditions, and which process has been under way for a number of years.

Big Power Station at Waukegan

CONSIDERABLE progress has been made with plans for the great new generating station of the Public Service Company of Northern Illinois at Waukegan, Ill., on the shore of Lake Michigan.

About 85 acres of land have been purchased for this development. A pond of about ten acres, connected with the lake, provides an economical method of securing the essential supply of condensing water for the steam-turbines, eliminating the expense of constructing an intake out into the lake. Adequate railroad facilities are also available for the delivery of coal to the storage yard, which is planned to be large enough for storing a three months' supply of fuel.

It is hoped that construction of this great plant may be begun in 1922. At first two 20,000-kilowatt generating units will be installed, with necessary boilers, steam auxiliaries and electrical apparatus. A steam pressure of 350 pounds will be utilized in conjunction with a super-heat of about 200 degrees, making for high fuel economy. The ultimate development is planned to be for no less than 220,000 kilowatts or about 300,000 horsepower.

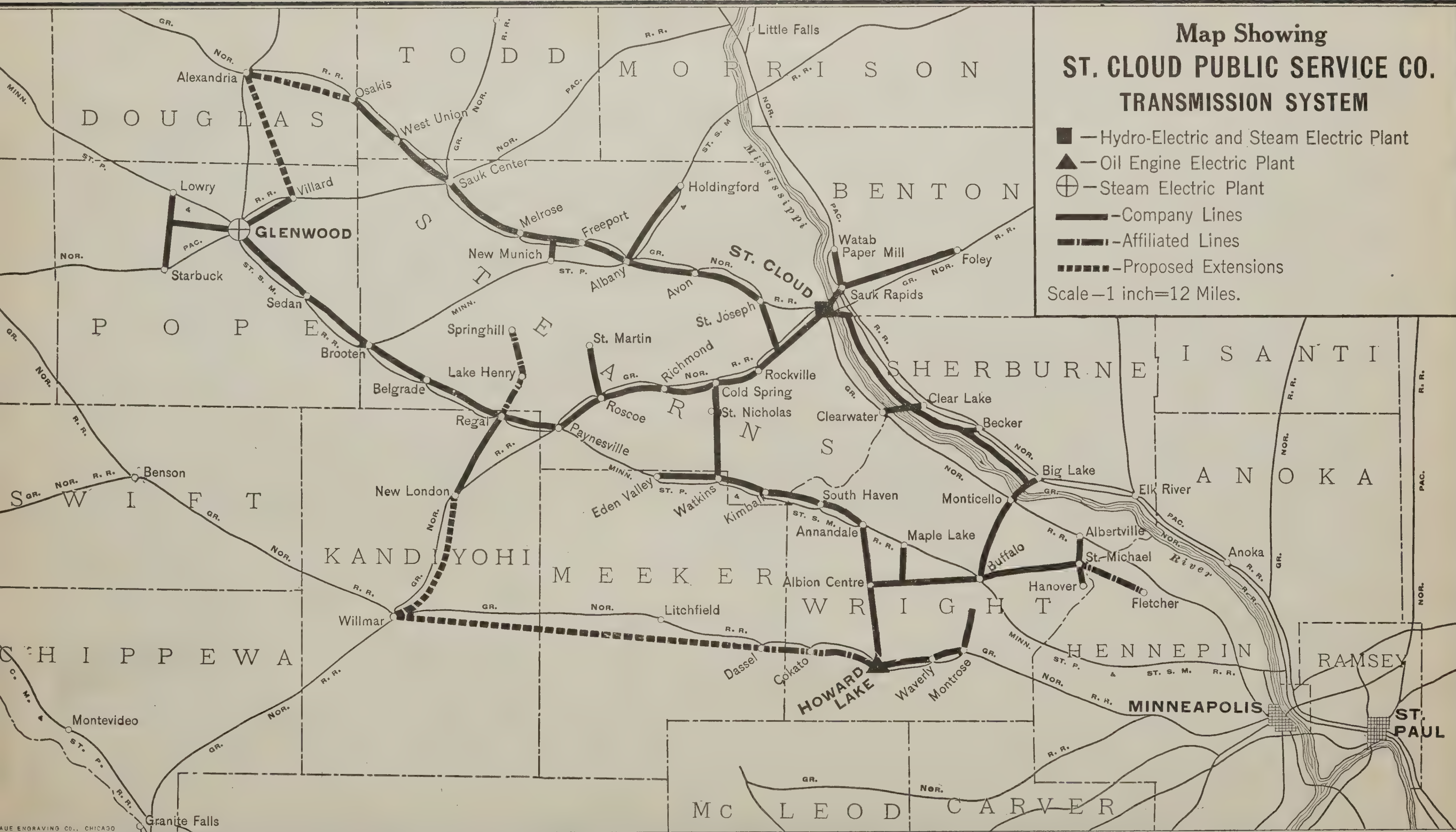
From this generating station electricity will be transmitted over 132,000-volt circuits, the wires of which will be carried on steel towers about 80 feet high. When completed these transmission lines will connect the new Waukegan station with the Northwest generating station (forty miles distant) of the Commonwealth Edison Company in Chicago, thus providing for an interchange of energy in emergencies.

Why Utilities Cannot Forego Profits

Public utilities should not be expected to forego their profits and take losses like private corporations during a period of business depression, says the Indiana Public Utilities Commission, in a recent decision.

"It would be all right to make utilities bear part of their burden of business depression," says the Commission, "if during hard times a private utility were permitted to close its doors and suspend operation until business conditions become promising. It might be still more logical if a utility were permitted during boom times to enjoy large earnings and pay out its profits in dividends. Public utilities furnished service throughout the war period at less than the cost of service, while unregulated private corporations were cheerfully making unheard-of profits.

"Regardless of the state of business generally, public utilities must continue to operate at maximum speed. They must constantly extend their lines, add to and improve their equipment in order to keep up with the growth of communities and development of the art. The public demands these things. Their cost is great and will probably never again go to the pre-war level. There is but one source of revenue and credit the public utilities have, and that is from subscribers and patrons who pay the rates."


Map Showing
ST. CLOUD PUBLIC SERVICE CO.
TRANSMISSION SYSTEM
—Hydro-Electric and Steam Electric Plant
—Oil Engine Electric Plant
—Steam Electric Plant
-Company Lines
-Affiliated Lines
-Proposed Extensions
Scale—1 inch=12 Miles.
ST. CLOUD
GLENWOOD
HOWARD LAKE
MINNEAPOLIS
ST. PAUL
DOUGLAS
TODD
MORRISON
BENTON
POPE
STEARNS
SHERBURNE
ISANTI
ANOKA
SWIFT
KANDIYOHI
MEEKER
WRIGHT
HENNEPIN
RAMSEY
CHIPPEWA
McLEOD
CARVER
Mississippi
River
Alexandria
Osakis
West Union
Sauk Center
Little Falls
Holdingford
Lowry
Villard
Starbuck
Sedan
Melrose
Freeport
New Munich
Albany
Avon
St. Joseph
Watab Paper Mill
Sauk Rapids
Foley
Springhill
St. Martin
Richmond
Rockville
Cold Spring
St. Nicholas
Brooten
Belgrade
Lake Henry
Regal
Roscoe
Paynesville
Clearwater
Clear Lake
Becker
Big Lake
Elk River
Benson
New London
Eden Valley
Watkins
Kimball
South Haven
Monticello
Annandale
Maple Lake
Albertville
St. Michael
Anoka
Buffalo
Hanover
Fletcher
Willmar
Litchfield
Albion Centre
Dassel
Cokato
Waverly
Montrose
Montevideo
Granite Falls
AUE ENGRAVING CO., CHICAGO

PUBLIC UTILITIES OF CHICAGO AND THE MIDDLE WEST

American Public Utilities

This corporation, incorporated in 1912 under the laws of Delaware, has acquired, through ownership of stock, the following: Merchants' Heat & Light Co., Indianapolis, Ind.; Elkhart, Ind., Gas & Fuel Co.; Utah Gas & Coke Co., Salt Lake City, Utah; Holland City, Mich., Gas Co.; Valparaiso, Ind., Lighting Co.; Boise, Idaho, Gas Light & Coke Co.; Wisconsin-Minnesota Light & Power Co.; Merchants' Pub. Utilities Co., Indianapolis, Ind.; Albion, Mich., Gas Light Co.; Jackson, Miss., Light & Traction Co., serving an approximate population of 1,200,000.

Capital—Pfd. auth. $20,000,000 6% cum.; issued $4,268,-200. Com. auth. $20,000,000; issued $2,933,500, of which $8,925 is held by trustee for future corporate purposes. Pfd. is callable at 105 and divs.

Funded Debt—$456,300 Collateral Trust 5s, dated 1912; due Sept. 1, 1942. Int. Mch. and Sept. 1. Callable at 102 and int. Authorized $20,000,000. Secured by bonds of controlled companies. Additional bonds issuable against deposit of 1st mtg. 5s of corporations now or hereafter controlled. Issued with tax-exempt clause.

$2,500,000 Collateral Trust 6s, dated Apl. 1, 1916, due 1936. Int. Apl. and Oct. 1. Callable at 102½ and int. Auth., $3,-500,000, of which $1,000,000 are reserved for extensions, etc. Secured by deposit of common stock and bonds of certain subsidiaries, which securities cost $6,250,000 in cash. Company pays Federal normal Income Tax.

$310,000 6% dividend scrip due April 1, 1923.

Dividends—Pfd., 6%; 4½% paid to April 1, 1919. None since. Com., none since July 1, 1914.

Earnings—Years ended June 30:

	1920	1919	1918	1917	1916
Gross earnings.....	$6,051,136	$4,643,318	$4,452,125	$3,819,820	$3,309,586
Operating expenses.	4,182,461	3,052,717	2,794,743	2,151,001	1,842,801
Net earnings.......	1,868,675	1,509,601	1,657,382	1,668,819	1,466,785
Miscellaneous income	70,597	76,429	80,703	100,354	81,744
Gross income......	1,939.272	1,667,030	1,738,085	1,769,173	1,548,529
Less expenses	130,298	124,307	111,580	80,764	39,436
Net income..........	1,808,974	1,542,723	1,626,505	1,688,409	1,509,092
Interest on:					
Underlying securities	1,623,408	1,389,653	1,143,893	1,025,165	993,859
Collateral trust bonds	172,815	1,721,815	172,815	172,858	64,867
Notes	......	29,340	21,225	......	48,549
Miscellaneous int.	136,268	......	38,921	19,448	6,743
Total fixed charges.	1,932,491	1,647,540	1,376,854	1,217,471	1,114,019
Remainder	†123,516	104,817	249,651	470,937	395,073
Preferred dividends.	......	**183,588	*267,954	255,897	234,840
Balance	†123,516	†288,404	†18,303	215,040	160,233
Total surplus.......	......	......	585,374	505,158	453,212

**4½% paid.

*Includes two scrip dividends of 1½% each, paid April and July 1, 1918.

†Deficit.

The regular quarterly dividend of 1½% was paid in 6% 5-year script, Oct. 1, 1918-April 1, 1919, but the directors have since deemed it prudent to discontinue payment of dividends until such permanent higher rates be secured as is necessary to meet the existing cost of operations, thus placing the income of the several companies on a stable basis.

The following are the underlying securities of subsidiary companies of the American Public Utilities Co.:

Officers: Joseph H. Brewer, president and general manager; L. B. Andrus, vice-president; George H. Waring, vice-president; Blaine Gavett, secretary; Willis J. Ripley, treasurer; Charles McPherson, counsel.

Directors: Charles B. Kelsey, Grand Rapids, Mich.; Joseph H. Brewer, Grand Rapids, Mich.; Blaine Gavett, Grand Rapids, Mich.; Charles H. McPherson, Grand Rapids, Mich.; Willis J. Ripley, Grand Rapids, Mich.; John A. Russell, Detroit, Mich.; George G. Whitworth, Grand Rapids, Mich.; Adolph H. Brandt, of Grand Rapids, Mich.; W. B. Parsons, Winona, Minn.; C. A. Boalt, St. Paul, Minn.; E. Clarence Miller, Walter H. Lippincott, Philadelphia, Pa.; Morris F. La Croix, Boston, Mass.; George H. Waring, Grand Rapids, Mich.; L. B. Andrus, Grand Rapids, Mich.

General Offices: Grand Rapids, Mich.

Aurora, Elgin & Chicago

In Receivership

Organized in 1906 and incorporated under the laws of Illinois, and chartered under the laws applying to steam railroads, operates electric railway (mostly third-rail) between Chicago and Elgin, Aurora, Geneva, Wheaton, Batavia, Yorkville, Carpentersville and West Chicago, besides street railways in Elgin and Aurora, consisting in all of 170 miles of single track. It enters Chicago over the Metropolitan Elevated to Wells Street. It is built almost entirely on private right-of-way. Does electric business in Elgin, West Chicago, Winfield, Glen Ellyn, Lombard, Wheaton, Ardmore, etc. In addition to regular passenger travel it operates express freight service.

Capital—Pfd. auth. and issued $3,100,000 6% cum.; auth. and issued $3,100,000 6% cum. When held by Illinois residents it is exempt from state tax.

Funded Debt—3,079,000 1st and Refunding Mtg. 5s, due 1946. Int., Jan. and July 1. Originally authorized $25,000,-000, but reduced in 1910 to $15,000,000. Issued $4,738,000, of which $1,656,000 are held in treasury, having been certified against construction, improvements and betterments heretofore made. Sufficient of the bonds are reserved to retire prior liens and balance for extensions, improvements and acquisitions under restrictions. Interest due July 1, 1918, was deferred; the company hoped by increasing its rates to meet all interest charges and allow 6 per cent interest on interest coupons before January 1, 1919, but at last advices this had not been paid. Interest on bonds in default.

$1,546,000 Elgin, Aurora & Southern Traction Company 1st Mtg. 5s, dated June 1, 1901; due June 1, 1916, but extended for three years, and further extended on Sept. 1, 1918, to Sept. 1, 1921. Int. June and Dec. 1. A first lien on 72 miles of track. Sinking fund, $17,000 per annum for first five years and $25,000 annually thereafter. Authorized, $2,-000,000, of which $454,000 are retired to date. Interest in default since Dec. 1, 1919.

$1,219,000 3-year 7½% collateral trust notes dated Sept. 1, 1918, due Sept. 1, 1921. Interest March and Sept. 1. This issue of notes is a direct obligation of the Aurora, Elgin & Chicago Railway Company and is additionally secured by deposit with the trustee of $1,656,000 of first and refunding mortgage 5 per cent bonds of the company due July 1, 1946, tax free covenant. Interest in default since March 1, 1919.

$2,527,000 Aurora, Elgin & Chicago Railway first 5s dated April 15, 1921, due April 15, 1941; interest April and October. A first lien on 57 miles of road, Chicago via Wheaton to Aurora, Ill., of which 25 miles are double track. Sinking fund of $50,000 per annum began April 15, 1911. Original issue $3,000,000 of which $473,000 retired through sinking fund to Dec. 31, 1920. Tax free covenant.

Protective Committee—As of March 1, 1919, a protective committee with R. M. Stinson as chairman was organized and holders of the first and refunding mortgage bonds and of the collateral trust notes of the company were invited to deposit bonds and notes of the said issues under a deposit agreement for the purpose of protecting and conserving their interest.

Dividends—None since July 1, 1915, on the pfd. None since July 10, 1914 on the com.

LATEST AVAILABLE

Earnings—Calendar years:

	1918	1917	1916	1915
Gross earnings..............	$2,140,355	$2,159,542	$2,056,362	$1,909,544
Expenses and taxes..........	1,877,683	1,563,900	1,380,867	1,302,702
Net earnings................	262,672	595,642	675 494	606,842
Interest charges	439,253	428,516	433,910	436,165
Reserves, depreciation and amortization	77,452	74,029	68,999	52,044
Surplus for year............	*253,908	93,096	172,583	118,632
Total surplus	*691,773	939,619	847,439	684,104

*Deficit.

Chicago City Railway Co.

This corporation, organized in 1859 and incorporated under the laws of Illinois, owns extensive surface lines on the south side of Chicago, extending from the business center of the city to 79th street, and between the south branch of the Chicago river and Lake Michigan, which embraces (including Southern St. Ry. Co.) 349.87 miles of track and

1,700 cars, including all properties acquired. Electric power furnished by Commonwealth Edison Co. The company operates Calumet & South Chicago and Southern St. Ry. lines. It also acquired within the city limits the Chicago & Southern Traction Co., sold under foreclosure in 1912. Lines outside the city were taken over by the Hammond, Whiting & East Chicago Ry. Certain lines of Chicago & Western Ry. Co. in August, 1916, were purchased by Chicago City Ry. Co., including tracks and franchises in West 63rd St., from South Cicero avenue to Central avenue, in Central avenue, from 63rd street to 63rd place and in 63rd place, from Central avenue to Austin avenue. This part of Stickney is now within Chicago's city limits.

Franchises—Extend to Feb. 1, 1927. In 1914 unified operation of all surface lines became effective. The ordinance passed Aug. 22, 1918, providing for consolidation of surface and elevated lines, submitted to the rates on Nov. 5, 1918, was defeated. Eight-cent fares inaugurated July 1, 1920.

Capital—Authorized, $19,000,000; issued, $18,000,000. When held by Illinois residents, stock is exempt from personal property taxes; 94.29% of the outstanding stock of this company is held by Chicago City & Connecting Rys. In 1905 J. P. Morgan & Co. interests purchased same at $200 per share.

Funded Debt—$33,926,000 1st Mtg. 5s, dated 1907; due Feb. 1, 1927. Int. Feb. and Aug. 1. Amount of issue not limited. Bonds are callable at par upon at least two months' notices in event of purchase by city or its license. Company pays Federal normal Income Tax.

Dividends—1918, 5%; 1919, 5%; since then a rate of 6%, payable quarterly, Mar., June, Sept. and Oct.

Earnings—Years ended Jan. 31.

Under unified operation:

	1921	1920	1919	1918
Residue repts.—40%	$4,810,796	$4,283,769	$3,591,264	$4,805,175
Deduct—Joint expenses, interest on capital investment of Chicago City Ry. Co. and Calumet & South Chicago Ry. Co. and net earnings of Southern St. Ry. Co.	3,473,529	3,477,244	3,580,613	3,661,805
Net earnings	1,337,266	806,524	10,651	1,143,369
City's proptn.—55%	735,496	443,588	5,858	628,853
C. C. Ry. Co. proportion—45%	601,770	362,936	4,793	514,516
Add. int. on capital inv.	2,739,056	2,705,676	2,668,657	2,623,510
Income from oper.	3,307,728	3,048,650	2,673,450	3,138,026
Other income net	†242	36,170	*72,046	58,358
Total income	3,307,486	3,084,821	2,601,404	3,196,385
Interest on bonds	1,822,337	1,780,884	....	1,695,000
Available for dividends	1,485,149	1,303,937	950,800	1,501,385
	6%		5%	8¾%
Dividends paid	....	900,000	900,000	1,575,000
Miscellaneous deductions	3	45	160	9,674
				Def.
Balance for year	1,939,679	1,354,576	50,640	83,289
Surplus forward	454,530	50,640	104,613	187,902
Total surplus	859,682	454,530	155,253	104,613

*Loss. †Deficit.

Officers—President, Leonard A. Busby; vice-president, H. B. Fleming; secretary and treasurer, F. D. Hoffman.

Chicago & Interurban Traction Co.—Incorporated in Illinois 1912. Acquired property outside city of Chicago & Southern Traction Co., the Chicago City Ry. Co. taking over lines inside the city.

Capital—In 1918 the company filed a petition with the Illinois Public Utilities Commission for authority to purchase the depot property and other facilities of the Northern Kankakee Electric Light & Railway Co. Authorized, $500,000 7 per cent cumulative preferred and $1,000,000 common. Outstanding, $1,000,000 common. None of the preferred stock has been issued.

Dividends—5%, 1920, 1919.

Chicago City & Connecting Railways

This is a collateral trust formed in February, 1910, to control under trust agreement the Calumet & South Chicago Ry., Chicago & Western Ry., Chicago City Ry., Hammond, Whiting & East Chicago Ry., and Southern Street Ry., 512.19 miles of street railways on south side of Chicago and vicinity.

Capital—Participation certificates: Preferred, 250,000 shares; common, 150,000 shares; no par value.

Funded Debt—$21,351,000 collateral trust 5's, dated 1910, due Jan. 1, 1927. Authorized, $22,000,000; $649,000 retired to Nov. 1, 1920.

EARNINGS—CALENDAR YEARS

INCOME	1920	1919	1918	1917	1916
Dividends	$1,316,514	$1,170,635	$1,127,595	$1,916,831	$1,979,751
Interest	92,962	96,715	103,844	101,682	91,256
Miscellaneous	33,027	20,100	54,337	22,338	29,662
Total income	$1,442,503	$1,287,450	$1,285,776	$2,040,851	$2,100,669
DISBURSEMENT.					
Bond interest	$1,062,300	$1,067,550	$1,072,814	$1,078,316	$1,087,209
Bond redemption	105,000	105,000	105,000	105,000	105,000
General expense	48,288	21,785	20,506	21,376	20,978
Other interest	19,778	26,389	29,882	34,792	24,908
Taxes	12,504	15,958	29,882	25,179	26,052
Total disb.	$1,247,870	$1,236,682	$1,257,612	$1,264,663	$1,264,147
Net income	194,633	50,767	28,163	776,190	836,522
Dividends	....	....	....	750,000	812,500
Surplus for year	194,633	50,767	28,163	26,190	24,022

Chicago Elevated Railways

A voluntary association organized 1911 to acquire preferred and common stocks of Metropolitan, Northwestern and South Side Elevated Railways of Chicago.

Capital—160,000 shares 6 per cent cum. pfd.; 250,000 shares common. No dividends paid since 1914.

Funded Debt—$14,000,000 5 per cent notes, dated 1914, due July 1, 1916; extended to July 1, 1919. $7,000,000 debentures dated July 1, 1914, due 1924. Commonwealth Edison has purchased $1,270,000 of this issue.

EARNINGS—LATEST AVAILABLE

YEARS ENDED JUNE 30,

	1920	1919	1918	1917
Gross operating income	$15,097,812	$10,587,462	$9,777,164	$9,289,913
Total operating expenses	11,339,765	6,839,464	5,227,977	4,824,486
Net operating revenue	3,758,047	3,747,998	4,549,187	4,465,427
Taxes, city compensation, etc.	917,655	1,031,102	932,408	863,334
Operating income	2,840,392	2,716,896	3,616,779	3,602,093
Non-operating income, less inter-company rentals	89,870	141,464	*150,490	151,589
Gross income	2,930,262	2,858,360	3,767,269	3,753,682
Deductions:				
Interest and rentals, less inter-company rents.	2,832,444	2,413,832	*2,390,451	2,386,662
Net income	97,818	444,527	1,376,818	1,367,020
Dividends	....	590,040	1,198,395	1,176,345
Surplus for year	97,818	†145,513	178,423	190,675

*Inter-company rentals deducted. †Deficit.

Year ended June 30, 1920, includes Chicago & Oak Park Elevated R. R. Co.

Calumet & South Chicago Railway Co.

Incorporated 1908; franchises extended to Feb. 1, 1927. In February, 1914, unified operation of all surface lines became effective.

Capital—$10,000,000, all held by Chicago and City Connecting Railways under trust agreement of 1910.

Funded Debt—$5,393,000 first mortgage rehabilitation 5's, dated 1908, due 1927.

EARNINGS—YEARS ENDED JANUARY 31, UNDER UNIFIED OPERATION

	1921	1920	1919	1918	1917
Company's proportion of 40% of Chicago Surface Lines' residue receipts per unification ordnance and operating agreement, representing interest on capital as certified by Board of Superv. Engineers	$568,912	$561,068	$547,374	$535,681	$518,868
Other income	*241	8,757	11,438	13,311	25,864
Total income	$568,671	$569,817	$558,812	$548,992	$544,733
Interest on bonds outstandg.	316,903	303,814	292,938	266,250	266,250
Net income	251,767	266,003	265,875	282,742	278,483
Dividends paid	225,000	250,000	200,000	275,000	250,000
Surplus for year	398,577	16,003	65,875	7,742	28,483
Total surplus (adjusted)	173,577	146,809	130,806	64,932	57,190

*Deficit.

Chicago Railways Company

Incorporated Illinois 1903. Acquired at foreclosure sale, under modified plan of reorganization, property of the old Chicago Union Traction Company and its operating lines, including the North and West Chicago Street Railroads. The system consists of 582.45 miles of track, serving main business center as well as entire north and west sides of Chicago. Power is furnished by the Commonwealth Edison Company. The franchises expire February 1, 1927. In February, 1914, unified operation of all surface lines became

effective. The ordinance passed by the Chicago City Council August 15, 1918, to be submitted to the voters for approval Nov. 5, 1918, providing for the merger of all surface and elevated lines as well as the construction and operation of a subway system in the city of Chicago, was defeated on Nov. 5, 1918, by the voters.

Capital—Nominal capital stock of $100,000 is held under a trust agreement dated Aug. 1, 1907, by A. C. Bartlett, Chauncey Keep, C. H. Hulbert, A. A. Sprague and C. G. Dawes, or their successors, who shall elect the directors of the company in the absence of instructions by majority vote of 1, 2 and 3 certificates. The issue specified serves as basis for participation certificates, with no par value, divided as follows:

Series 1	30,800 parts	Series 3	60,000 parts
Series 2	124,300 parts	Series 4	50,000 parts

Series 1, 2 and 3 are entitled, in order of priority, to cumulative dividends of $8 for each part per annum, and in distribution of capital, to $100 per part; series 4 is entitled to any remaining profits or capital distributed.

Dividends—Series 1: None since August 1, 1917; $8 per share each year, August 1, 1916 and 1917; 1915, Sept. 1, $4 per share; June 5, $4.

Funded Debt—$59,926,000 1st mortgage 5's dated 1907; due Feb. 1, 1927. Issue limited to aggregate amount of capital expenditures approved from time to time by Board of Supervising Engineers. Callable at par and int. $2,276,000 1st mortgage 5's, representing capital expenditures made during 1917, are in treasury.

$17,403,800 Series A, Consolidated mortgage 5's, dated 1907; due Feb. 1, 1927. $1,006,000 of these bonds are in treasury and can be issued only for acquisitions. $1,196,000 retired.

$17,164,475 Series B, Consolidated mortgage 5's, dated 1907; due Feb. 1. 1927. $228,000 of these bonds are in treasury.

$636,336 Series C, Consolidated mortgage 5's, dated 1907; due Feb. 1. 1927. $3,096,664 have been retired by cancellation and sinking fund, which latter amounts to $250,000 per annum and is cumulative. Bonds are callable at par and interest.

$4,073,000 Purchase-Money mortgage 4's and 5's, dated 1910; due Feb. 1, 1927. Interest, 4% to Jan. 1, 1916, and 5% thereafter. Callable at par and interest. A lien on property of Consolidated Traction Co. (within city) acquired, and on Chicago Railways Company, subject to 1st and consolidated mortgages.

$2,500,000 Adjustment Income mortgage 4's, dated 1910; due Feb. 1, 1927. Interest is payable only if earned and is not cumulative. Interest has been paid in full to date, 4% each on May 1, 1913 to 1918, inclusive.

If property were acquired by the city, the purchase price would be applied first to the 1st mortgage bonds, the remainder being used to satisfy holders of Series A, Series B and Series C Consolidated 5's, in the order named.

Earnings—Years ended January 31.

	1921	1920	1918	1917
*Residue receipts	$7,216,195	$6,425,654	$8,978,160	$7,207,762
Deduct—Joint expenses and interest on capital investment of Chicago Rys. Co.	4,665,492	4,597,910	4,700,792	4,786,341
Net earnings	2,550,703	1,827,744	686 104	2,421,421
City's proportion, 55%	1,402,886	1,005,259	377,355	1,331,782
Chicago Ry. Co.'s proportion, 45%	1,147,817	822,485	308,747	1,089,639
Int. on capital investment	4,580,658	4,541,539	4,501,961	4,418,136
Int. on bank balances	72,115	46,980	31,146	66,992
Int. on treasury securities	73,538	72,099	78,778	77,592
Total income	5,874,127	5,483,104	4,920,632	5,654,359
Deduct—Interest on:				
First mortgage bonds	2,784,699	2,784,700	2,784,050	2,784,050
Consol. mtg. bonds	1,753,911	....	1,775.964	1,777,884
Purchase-money bonds	203,650	....	203,650	203,650
Sinking fund reserve accrued	250,000	....	250,000	250,000
Federal income tax on int. coupons	42,000	....	42,000	60,000
Corporate exp. and adjustments	142,761	....	225.527	168,800
Total deductions	5,410,539	5,300,643	5,294,649	5,244,384
Net income	463,587	182,461	686,105	409,976
Surplus account:				
Previous surplus	44,588	37,126	511,143	453,767
Net income for year	463,587	182,461	†374,016	409,976
Total	508,175	219,587	137,127	863,743
Deduct—Int. on adj. income bonds	....	....	100,000	100,000
Divs. on part. certifs., Series 1	....	....	....	252,600
Divs. on part. certfs., Series 2	....	....	....	....
Total deductions	....	....	5,294,649	352,600
Profits and loss surplus	508,175	219,587	37,126	511,143

*Particulars as to this item are given in earnings statement of Chicago Surface Lines. †Loss.

Officers—President, Henry A. Blair; first vice-president, Seymour Morris; second vice-president, J. E. Wilkie; treasurer, Markham B. Orde; secretary, F. L. Hupp; general counsel, W. W. Gurley.

Chicago Surface Lines

The Chicago Surface Lines is the official title of an organization to direct unified operation of all surface street railway lines in Chicago. It became effective Feb. 1, 1914. The rate of fare was 5 cents until last summer, when the Public Utility Commission of the State of Illinois increased the fares to 8 cents, with universal transfers throughout the present and future limits of the city. The following companies form the Chicago Surface Lines:

Chicago Railways Company, operating on the north and west sides.

Chicago City Railway Company, Calumet & South Chicago Railway Company and Southern Street Railway Company, these latter three operating south and southwest sides.

The Southern Street Railway and the Calumet & South Chicago Railway Companies have been operated by the Chicago City Railway Company and in the division of residue receipts by Chicago Surface Lines are considered as part of the Chicago Railway Company system.

Capital Investment—Under the ordinance granted to the surface lines of Chicago and governing unified operation, an ordinance which extends to 1927 unless sooner terminated by the city or its licensee purchasing any of these properties, each company agrees to provide the necessary capital for reconstruction, extensions and improvements to its lines, all of which expenditures are being made under the direction of a board of supervising engineers. As provided by the terms of the ordinances of 1907, 1908 and 1909, each company is allowed 5 per cent interest return on the valuation of its property, plus cost of rehabilitation and extensions, besides 10 per cent allowance for construction profit and 5 per cent for brokerage on the sale of its bonds, such amounts to be approved from time to time by the board of supervising engineers. The aggregate amounts of such valuation, including construction profit and brokerage, represent the purchase price to the city or its licensee, in event the properties are taken over for municipal ownership and operation, and this interest return to each company is deducted from each company's share of residue receipts, after all items of operating expenses have been allowed, the remainder of the residue receipts to be divided between the City of Chicago and the Chicago Surface Lines.

Division of Residue Receipts—During the first two years in operation the residue receipts were divided in the proportion of 59 per cent to Chicago Railways Company and 41 per cent to Chicago City Railway Company, including its operated properties, and thereafter the division to be on the basis of 60 per cent to Railways Company and 40 per cent to Chicago City Railway Company, including its operated properties. From each company's share of the residue receipts is deducted at 5 per cent on the valuation and the remainder is divided in the proportion of 55 per cent to the city and 45 per cent to the company. The board of operation pays over from time to time to each of these companies its pro rata of such residue receipts.

Chicago Local Transportation Company—The ordinance passed Aug. 22, 1918, provided for a consolidation of surface and elevated lines under the designation of Chicago Local Transportation Company. This was submitted to a referendum vote on Nov. 5, 1918, and was defeated. Hence, there is no such company in existence.

Capital—The Chicago Surface Lines is an operating

organization created by an operating agreement and has no capital stock nor bonded debt.

EARNINGS—Years Ended January 31.

Revenue—	1921	1920	1919	1918
Passenger cars	$54,726,740	$43,417,639	$34,186,578	$34,566,601
Advertising	240,956	235,964	432,975	221,371
Interest on deposits	112,529	99,921	88,962	121,136
Other income	247,160	209,914	1,582	205,525
Gross earnings	55,327,385	43,963,438	34,710,097	35,114,633
Expenses—				
Maintenance	7,212,800	5,348,006	6,587,074	3,214,949
Renewals	4,167,325	3,009,195	....	2,835,036
Oper. power plants	3,105,975	2,990,478	2,841,212	2,558,192
Operation of cars	23,508,580	16,633,324	12,477,147	10,802,010
General expenses	3,575,711	3,199,009	3,826,504	2,197,909
Taxes	1,730,000	....	....	1,493,000
Total expenses	43,300,393	33,254,014	25,731,937	23,101,696
Residue receipts	12,026,992	10,709,423	8,978,160	12,012,987
Divided—				
				60%
Chicago Rys. Co.	7,216,195	6,425,654	5,386,396	7,207,762
				40%
Chicago City Ry. Co.	4,810,797	4,283,769	3,591,264	4,805,175

Operating Staff of Chicago Surface Lines—President, Henry A. Blair; assistant to president, J. V. Sullivan; secretary, F. L. Hupp; treasurer, M. D. Orde; general auditor, J. J. Duck; assistant secretary and assistant treasurer, F. D. Hoffman; general counsel, W. W. Gurley; chief engineer, H. B. Fleming; electrical engineer, J. Z. Murphy; superintendent of transportation, F. P. Edinger; purchasing agent, F. C. Evans; general attorney, J. R. Guilliams; office manager, legal department, W. O. Holton; general claim agent, F. J. Gatrell. Office, 105 South La Salle street, Chicago.

Chicago and Interurban Traction Company—This company incorporated in 1912 acquired property outside of the city of Chicago, of the Chicago and Southern Traction Company, the Chicago City Railroad Company taking over the line inside of the city. In 1918 filed a petition with the Illinois Public Utility Commission for authority to purchase the depot property and other franchise of the Northern Kankakee Electric Light and Railway Co.

Capital—$5,000,000, 7 per cent cumu. pfd. and $1,000,000 common stock. None of preferred issued; $1,000,000 common stock outstanding. No dividends paid since January 1, 1914.

Funded Debt—$1,782,000 first mortgage 5's dated 1912, due 1932.

EARNINGS

	1918	1917	1916
Gross earnings	$316,482	$338,158	$333,603
Operating expenses	239,119	212,370	190,209
Net earnings	77,363	125,788	143,394
Interest and taxes	92,943	94,769	87,253
Surplus for year	15,580	31,019	55,566
Total surplus	262,012	277,592	246,573

Officers—President, O. G. Talmadge; vice-president, F. L. Hupp; secretary and treasurer, W. W. Crawford; auditor, W. W. Hill.

Directors—Frank J. Baker, Henry A. Blair, L. A. Busby, Ira M. Cobe, W. W. Crawford, Samuel Insull, O. G. Talmadge.

Chicago Junction Railway—Organized 1902 under the law of the state of Illinois in the interest of Chicago South Electric to connect the Illinois Traction Company with the Chicago Stock Yards. Its franchises are perpetual. The railroad consists of 32.61 miles of elevated roads from the junction with the South Side Elevated at 40th street to the Stock Yards are known from the same.

Capital—$50,000 held in trust.

Funded Debt—$2,327,000 first mortgage 4's dated 1905, due 1945.

Earnings are included in the South Side Elevated Company.

Officers—President, A. P. Rolston; vice-president, H. P. Poronto; secretary, Thornhill Bloome; treasurer, J. W. Austin.

Chicago, North Shore & Milwaukee Railroad

Incorporated in Illinois, June, 1916, acquiring all the property and other assets owned by Chicago & Milwaukee Electric R. R. of Illinois and Wisconsin, organized in 1898. Owns and operates electric railroad connecting Evanston, Ill., and Milwaukee, Wis., with a branch line extending from Lake Bluff, Ill., to Area, Ill., the entire property embracing 84.54 miles of road and 169.57 miles of single track. Over 60 miles of road is on private right-of-way. Franchise of the Milwaukee city line expires Dec. 31, 1934; franchises in other communities are partly perpetual.

Among the communities served are Evanston, Wilmette, Winnetka, Glencoe, Highland Park, Lake Forest, North Chicago, Waukegan, Zion City, Kenosha, Wis., Racine, Wis., Milwaukee, Wis.

Service into Loop began Aug. 6, 1919, hourly to Milwaukee, every half hour to Waukegan.

Capital—Nominal capital of $100,000, which is made the basis of 170,000 Participation Certificates of no specified par value. These Participating Certificates are divided: 50,000 shares designated as Illinois Participation Certificates, bearing interest at $5 per share per annum, cumulative, if earned, after Jan. 1, 1918, the dividends on these certificates to have priority over other participation certificates; 58,000 shares designated as Wisconsin Participation Certificates, bearing interest at $5 per annum, cumulative, if earned, after Jan. 1, 1918; and 62,000 shares designated as Common Participation Certificates. The stock is held by Geo. M. Reynolds, Samuel Insull and R. Floyd Clinch as voting trustees.

Exchange of Securities—Holders of bonds of the former Illinois corporation received ten Illinois Participation Certificates for each $1,000 bond; holders of bonds against the Wisconsin division of predecessor company received five Wisconsin Participation Certificates, and, in addition thereto, five Common Participation Certificates, for each $1,000 bond. The present company took over the property from the receivers on July 26, 1916.

Dividends—None paid to date.

Funded Debt—$4,060,000 first mortgage 5's, dated July 1, 1916; due July 1, 1936. Callable at 105 and interest. Authorized, $10,000,000. In addition to the $4,060,000 bonds outstanding in the hands of the public, $940,000 are deposited with the trustee to secure $885,000 6 per cent notes, dated July 1, 1917. The remaining $5,000,000 are issuable at par for 85 per cent of cash cost of betterments when net earnings are twice the annual interest on all first mortgage bonds outstanding and those proposed to be issued. A maintenance, replacement and depreciation fund, amounting for the first five years to 12 per cent of annual gross income, 14 per cent for the second five years, 16 per cent for the third five years and 18 per cent for the last five years that bonds are to run; this may be expended for maintenance, etc., or for retirement of first mortgage bonds. Secured by first lien on all property owned and by deposit of capital stock of the Chicago & Milwaukee Electric Ry. of Wisconsin, the Milwaukee terminal company; the property of the terminal company is free of liens and no mortgage may be placed thereon.

$460,000 general mortgage 5's, due Aug. 1, 1936. Auth., $1,500,000. Issued, $1,180,000, of which $240,000 have been retired and the remaining $480,000 are in treasury.

$110,500 Equipment Trust 6 per cent notes, dated Jan. 1, 1917, due serially $8,500 each July and Jan. 1 from Jan. 1, 1919, to Jan. 1, 1927.

$260,000 7 per cent Serial Notes, dated June 15, 1918; due June 15, 1921. Interest, June and Dec. 15. Callable at par and interest. $370,000 first mortgage 5's are deposited with trustee to secure the notes.

$492,500 6 per cent Equipment Notes outstanding of an issue of $550,000 notes authorized under a trust agreement, dated Aug. 1, 1919, and secured by equipment costing approximately $800,000. $50,000 notes matured Aug. 1, 1920, and $25,000 will mature each six months thereafter. Interest payable semi-annually at the Northern Trust Company in Chicago or at the company's office in New York City.

$1,473,000 10-year 7 per cent Secured Sinking Fund Gold Notes, Series "A," dated June 1, 1920, due June 1, 1930. Authorized, $1,500,000. Interest payable June 1 and Dec. 1.

Callable at 101 and interest. Secured by not less than $142,857 par value first mortgage 5 per cent gold bonds or in lieu thereof $127,033 par value first mortgage 6 per cent bonds, per $100 of notes outstanding. Annual Sinking Fund of 2 per cent of the notes outstanding provided for the purchase and cancellation of notes at not to exceed 101.

EARNINGS—CALENDAR YEARS:

	1920	1919	1918	1917
Operating revenue	$4,193,869	$3,237,921	$2,899,975	$1,751,373
Operating expenses	3,229,048	2,319,464	1,856.038	1,114,512
Net operating revenue	964,621	918,457	1,043,937	636,861
Taxes	151,746	163,101	185,822	95,680
Operating income	812,875	755,356	858,115	541,181
Miscellaneous income	10,332	17,879	9,470	4,858
Gross income	823,207	773,235	867,585	546,039
Fixed charges	390,196	341,396	332,056	266,580
Net income	433,011	431,839	535,079	279,459

Officers—Chairman of board, Samuel Insull; president, Britton I. Budd; vice-president, R. Floyd Clinch; secretary and treasurer, W. V. Griffin; assistant to president, C. E. Thompson; auditor, T. B. MacRae; assistant secretary, John W. Evers, Jr.; assistant treasurer, W. F. Holtz; general counsel, Ralph R. Bradley.

Directors—Samuel Insull, R. Floyd Clinch, Britton I. Budd, Joseph E. Otis, John R. Thompson, H. S. Osler, E. A. Shedd.

Cities Service Company

Cities Service Company was incorporated in Delaware, 1910, as a holding company. It controls electric light and power, electric railway, natural and artificial gas, and during the past several years has acquired very valuable oil properties, which today yield a large proportion of all the high-grade refinable oil produced in the United States. The public utility properties serve over 350 communities, with an aggregate population of approximately 2,500,000 in 21 states and in the Province of Ontario. Cities Service Co. controls through stock ownership 27 companies engaged in producing, transporting, refining and marketing petroleum and petroleum products and 80 public service corporations operate in 21 states and Canada. Following are the subsidiaries of Cities Service Company:

Adrian (Mich.) Street Railway Co.
Alliance Gas & Power Co., The.
Arkansas Valley Gas Co., The.
Ashland Gas & Electric Light Co., The.
Athens Railway & Electric Co.
Atlas Chemical Co.
Bartles Oil Co., The.
Bartlesville Gas & Electric Co.
Berea Pipe Line Co., The.
Bristol Gas & Electric Co.
Brush Electric Co.
Central Ohio Gas & Electric Co.—Buckeye State Gas & Fuel Co., The; Columbus Natural Gas Co., The; Coshocton Gas Co., The; Medina Gas & Fuel Co., The.
Cities Fuel & Power Co.—American Pipe Line Co.; Franklin County Pipe Line Co., The; Glenwood Natural Gas Co., Ltd.; Manufacturers Natural Gas Co., Ltd., The; Sentinel Oil & Gas Co., The.
City Light & Traction Co.
City Light & Water Co.
Colombian Petroleum Co.—Compania Colombiana Del Petroleo.
Compania Emmex de Petroleo y Gas.
Crew Levick Co.—Crew Levick Co. (Del.); Warren Company; Latimer County Gas Co.
Cumberland & Westernport Electric Railway Co.
Danbury & Bethel Gas & Electric Light Co., The.
Denver Gas & Electric Light Co., The.
Dominion Gas Company—Beaver Oil & Gas Co., Ltd., The; Brantford Gas Co., The; Dominion Natural Gas Co., Ltd., The; Ingersoll Gas Light Co., The; United Gas Co.'s, Ltd., The; Woodstock Gas Light Co., The.
Durham Traction Co.
Electric Bond Deposit Co.
Empire District Electric Co., The.—Carthage Gas Co.; Empire District Electric Co. of Oklahoma, The; Webb City & Carterville Gas Co.
Empire Gas & Fuel Co., The (Colo.).
Empire Gas & Fuel Co. (Delaware)—Empire Gas & Fuel Co. (Calif.); Fifty-Nine Osage Oil Co.; Indian Territory Illuminating Oil Co.; Delmar Oil Co., The; Wichita Natural Gas Co.; Sedgwick Oil Co., The; Winfield Midland Oil Co.; Quapaw Gas Co., The; Consumers Gas Co.; Steyner Natural Gas Co., The; Wichita Pipe Line Co.; Empire Gas & Fuel Co. (Me.); Empire Gas & Pipe Line Co.; Empire Gasoline Co.; Empire Petroleum Co.; Empire Refining Co.; Empire Pipe Line Co.; Empire Refineries, Inc.; Producers Refining Co.; Standard Asphalt & Refining Co.; Standard Emarex Co.
Empire Gas & Fuel Co. (Inc.), Kentucky.
Empire Gas & Fuel Co., The (Ohio).
Empire Oil & Gas Co., (Inc.).
Fremont Gas, Electric Light & Power Co.
Frost Gas Co.—Brocton Gas & Fuel Co.; Republic Light, Heat & Power Co., Inc.
Knoxville Gas Co., The.
Lebanon Gas & Fuel Co.
Lincoln Gas & Electric Light Co.—Havelock Electric Light Co.
Lorain County Electric Co., The.
Massillon Electric & Gas Co., The.
Meridian Light & Railway Co.—Hattiesburg Traction Co.
Montgomery Light & Water Power Co.
Pueblo Gas & Fuel Co., The.
Republic Construction Co., The.
Reserve Gas Co.
Richland Company, The.
Richland Public Service Co., The.
St. Joseph Railway, Light, Heat & Power Co.
Salina Light, Power & Gas Co., The.
Southern Ontario Gas Co., Ltd.
Southwestern Oklahoma Gas & Fuel Co.
Spokane Gas & Fuel Co.—Union Gas Co.
Summit County Power Co., The.
Toledo Traction, Light & Power Co.—Acme Power Co., The; Adrian Street Railway Co.; Maumee Valley Railways & Light Co., The; Toledo Beach Co.; Toledo Casino Co., The; Toledo, Ottawa Beach & Northern Railway Co., The; Toledo Railways & Light Co., The; Toledo & Western Railroad Co., The.
Trumbull Public Service Co., The.
United Water, Gas & Electric Co., The.
Utilities Construction Co., The.
Washita Gas & Fuel Co.
Watauga Power Co.
Western Distributing Co., The.
Western Light & Power Co., The—Cheyenne Light, Fuel & Power Co.
Western Oklahoma Gas & Fuel Co., The.

GENERAL STATISTICS OF SUBSIDIARY COMPANIES
ELECTRIC PROPERTIES

	1920	1919
Kilowatt-hours Sold	703,729,856	586,764,531
Kilowatts Installed Capacity	387.105	301,415
Kilowatts Connected Load	607.201	494,255
Number of Customers	213,210	189,508
Population Served	1,450,000	1,398,445

ELECTRIC RAILWAYS

	1920	1919
Passengers Carried	112,964,771	112,586,749
Miles of Track	306	409

Number of Cars Owned	748	900
Population Served	600,000	597,285
ARTIFICIAL GAS		
Sales in Cu. Ft.	7,217,382,500	6,617,358,000
24 Hour Capacity in Cu. Ft.	22,603,000	22,533,000
Number of Customers	113,332	108,506
Miles of Mains on 3-in. basis	1,776	1,762
Population Served	1,100,000	1,093,914
NATURAL GAS		
Gas Sold in Cu. Ft.	39,841,693,000	40,225,008,000
Number of Gas Wells Owned	1,995	2,162
Miles of Gas Mains Owned	4,570	4,548
Population Served	1,000,000	981,151
Casinghead Gasoline Produced (Gal.)	1,000,000	....
OIL AND REFINERIES		
Barrels of Oil Produced	14,898,228	13,195,036
Number of Oil Wells Owned	3,761	3,475
Daily Refining Capacity (Barrels of Crude Oil)	30,000	33,585
Oil Storage Capacity in Barrels	6,342,000	6,969,759
Number of Tank Cars Owned and Leased	2,342	2,445
Number of Distributing Stations (Excluding Foreign Countries)	248	228

For five years, beginning May 1, 1916, Henry L. Doherty & Co. agrees to conduct all operations in public utilities and oil properties, so far as it can be done, for account of Cities Service Company, turning over to latter company all their holdings in public utility properties; and Henry L. Doherty & Co. agrees not to conduct independent operations in such properties for themselves or others without first offering such opportunities to Cities Service Company. H. L. Doherty & Co. are to be paid in cash for actual expenses of operation of the properties and, in addition, have option on $3,000,000 Cities Service Company common stock at $225 per share, with also the right to buy one-third of all common stock issued prior to May 1, 1921, at $250 per share.

At the special meeting of stockholders of Cities Service Company held November 17, 1919, at Dover, Delaware, the stockholders approved the creation of an authorized issue of $100,000,000 of second preferred stock, of which $40,000,000 will be of $10 par, and will be known as Preference B stock, and $60,000,00 will be of $100 par, and will be known as Preference BB stock. The stockholders also approved the amendment to the charter of the company which provides that the company shall have the right to redeem all or any part of the present Preferred stock at 112, and that all or any part of the second preferred stock may be redeemed at 106. The third amendment to the charter of the company in respect to investments from the proceeds of securities junior to the present Preferred stock was approved.

Of the new Preference B stock of $10 par, but $3,000,000 will be now issued, this amount having already been offered to stockholders of Cities Service Company for their subscription of $7.50 a share. The Board of Directors of Cities Service Company in offering this small amount of Preference B stock simply did so with the idea of making this stock known to the investing public, establishing a market for it, and learning whether it would be as popular among investors as were the Bankers' Shares. The offering of 300,000 shares of this stock was largely oversubscribed, and subscriptions were received from over 3,500 persons, thus indicating an even more widespread demand for this stock than there was for the initial issue of Bankers' Shares, which were distributed to slightly over 1,000 holders of record on their initial offering, although since that time the number of stockholders of record of Cities Service Company Bankers' Shares has grown to almost 19,000.

Capital.—Preferred 6% cum. ($100), authorized $150,000,000; outstanding,* $78,531,911. Second Preferred, Series B, 6% cum. ($10), authorized $40,000,000; outstanding $3,278,410. 2nd preferred, Series BB, 6% cum., authorized $60,000,000. None outstanding. Common ($100) $50,000,000; authorized,* $46,799,507 outstanding.

Dividends—On the Preferred stock commenced with the date of organization, September 2, 1910, and were paid monthly at the rate of six per cent (6%) per annum until August 1, 1914. Dividends at the same rate were resumed on January 1, 1916, and the accrued accumulated dividends were paid in convertible debentures, practically all of which have since been converted. Dividends have been paid to and including April 1, 1921.

Cash dividends on Common stock began with the date of organization, September 2, 1910, and were paid monthly up to August 1, 1914, at the following rates:

3%, 1910; 3%, 1911; 4%, 1912; 5 %, 1913; 6%, 1914; and were then suspended until January 1, 1916, at which time a distribution of 6% of convertible debentures was made and on July 1, 1916, a further distribution of 3% of convertible debentures. Since that time, to and including April 1, 1921, dividends have been paid on the Common stock at the rate of six per cent (6%) per annum in cash.

On September 1, 1916, a dividend of 2% in Common stock was paid and on December 1 a dividend of 4% in Common stock was paid. During 1917, the Company declared a dividend of 6% payable in Common stock; in 1918, 9% in Common stock, and in 1919, 12% in Common stock. It is the intention of the Board of Directors to increase the Common stock dividend at the rate of 3% per annum, so long as the earnings of the Company justify this policy. The Company paid a dividend of 1¼% in Common stock on February 1, 1920, which places the dividend at an annual rate of 15%.

The dividends on both Preferred and Common stocks are payable on the first day of each month to stockholders of record on the 15th day of the preceding month.

Dividends paid on Bankers' Shares as follows during 1919: April 1, 39.6c; May 1, 41.1c; June 1, 41c; July 1, 42.8c; Aug. 1, 42.6c; Sept. 1, 49.1c; Oct. 1, 51c; Nov. 1, 52.7c; Dec. 1, 51.4c; Jan. 1, 1920, 46.1c; Feb. 1, 55.925c; Mar. 1, 54.75c; April 1, 50.25c; May 1, 53.875c; June 1, 49c; July 1, 46.25c; Aug. 1, 45.62c; Sept. 1, 42c; Oct. 1, 40.75c; Nov. 1, 41.5c; Dec. 1, 43.5c; Jan. 1, 1921, 39c; Feb. 1, 34c; Mar. 1, 36.875c; April 1, 35c.

Bankers' Shares.—There have been deposited, under an agreement dated March 1, 1919, between Henry L. Doherty & Company and Bankers Trust Company, as Depositary, 30,000 shares of the Common Capital Stock of Cities Service Company, of the par value of $100 each. The agreement provides, among other things, for the issue of nonvoting certificates, in registered form, to represent what is termed in the agreement "Cities Service Company Bankers' Shares," against the Common Stock so deposited, each such Bankers' Share representing one-tenth interest in a share of Cities Service Company Common Stock of the par value of $100. There have been issued, under this agreement, Certificates representing 300,000 Bankers' Shares against the 30,000 shares of Cities Service Company Common Stock so deposited. The agreement provides that Cities Service Company or Henry L. Doherty & Company shall have the exclusive right to deposit additional shares of Common Stock from time to time, against which additional Bankers' Shares may be issued in the same ratio. Subject to the provisions of the agreement, holders of Bankers' Shares have the right to surrender their Bankers' Shares at any time when the transfer books are not closed, and receive for each ten Bankers' Shares so surrendered one share of Cities Service Company Common Stock of the par value of $100. The agreement further provides for the sale of all stock dividends received on the deposited Cities Service Company Common Stock and the disbursement of the net proceeds from such sale, together with the cash dividends received on the deposited stock, in the form of a disbursement to the holders of the outstanding Bankers' Shares. The holders of Bankers' Shares may, however, order their pro rata share of said stock dividends withheld from sale and delivered to Henry L. Doherty & Company for the account of such holders. Under the present dividend policy of Cities Service Company distributions to holders of Bank-

*Also $1,812,540 pfd. and $3,358,920 com. owned by the company. Outstanding com. includes amount deposited with Bankers' Trust Co., for which Bankers' Shares have been issued.

ers' Shares are payable on the 1st of each month, to holders of record on the 15th day of the preceding month.

Funded Debt

$30,898 Convertible 5%, Series A, Debentures and Debenture Certificates; due Jan. 1, 1966. Auth., $5,000,000. Convertible at par into Pfd. with 25% additional in Common stock. Additional amounts may be issued in series, all with the same maturity, and with convertible privileges as determined at time of issue.

$6,593,640 7% Convertible Debentures, Series B, dated Jan. 1, 1918; due Jan. 1, 1966. Int., Jan. and July 1. Callable at 102 and int.; if called before, on or after Jan. 1, 1920, the holder has the right to convert after proper notice by public advertisement. Authorized, $30,000,000. Each $1,000 of these debentures are convertible on or after Jan. 1, 1920, into 8 shares of Cities Service Company Preferred stock and 2 shares of Cities Service Company Common stock, together with accumulated cash and stock divs. on 2 shares of Common stock from Jan. 1, 1918, to date of conversion.

$17,219,480 Convertible 7%, Series C Debentures, dated Jan. 1, 1919, due Jan. 1, 1966. Convertible at option of holder on and after Jan. 1, 1921, into 9 shares of Cities Service Preferred stock and 1 share of Common stock with the accumulated cash and stock dividends on the latter stock from Jan. 1, 1919, to date of conversion. Int. Jan. 1 and July 1.

$3,050,000 Conv. 7% deb., Series D, due Jan. 1, 1966; dated Dec. 1, 1919. Int., June and Dec. 1. Auth., $30,000,000. Redeemable at 102 and int. Convertible on and after Jan. 1, 1922, at rate of $1,000 bonds for $925 Preference B or Preference BB stock and $75 Common stock, with accum. cash and stock divs. on Common from Dec. 1, 1919.

EARNINGS OF CITIES SERVICE CO.—Calendar Years:

	1920	1919	1918	1917
Total Gross Earnings.....	$24,698,039	$19,977,550	$22,280,067	$19,252,493
Expenses	700,472	703,835	521,485	357,229
Net Earnings	23,997,566	19,273,715	21,758,581	18,895,264
Interest	1,941,628	1,922,861	272 579	2,862
Net Applicable to Stock...	22,055,938	17,350,854	21,486.002	18,892,902
Divs. on Pfd. Stock......	4,685,474	4,215,264	4,034,274	3,712,695
Net Applicable to Common Stock and Reserves..	17,370,463	13,135,590	17,451,727	15,179,707
No. of times Pfd. Dividends were earned	4.71	4.12	5.32	5.09
Per Cent of Earnings on Average Amount of Common Stock Outstanding	43.09	39.09	61.67	60.73

Following is the latest statement of earnings of Cities Service for the month of November, 1921, and for twelve months ended November 30, 1921:

	12 months ended Nov.30,1921	12 months ended Nov.30,1920	Month of Nov.,1921	Month of Nov.,1920
Gross Earnings	$14,094,814	$24,629,168	$1,176,893	$1,942,230
Expenses	546,239	701,457	33,043	61,438
Net Earnings	13,548,574	23,927,711	1,143,849	1,880,792
Interest on Deb...........	2,106,018	1,936.076	170,417	151,208
Net to Stock	11,442,556	21,991,634	973,432	1,729,583
Dividend Pfd.	4,847,804	4,657,260	409,619	399,922
Net to Common Stock and Reserve	6,594,751	17,334,374	563,813	1,329,661

Officers.—Pres., Henry L. Doherty; Vice-Pres., Sir Edward Mackay Edgar, Bart., Frank W. Frueauff, Thomas I. Carter, Ernest H. Johnston; Sec., Paul R. Jones; Treas., Louis F. Musil; Ass't Sec's, G. G. Brownell, E. E. McWhiney, G. C. Blankner, T. W. Bonnett (London); Ass't Treas., G. C. Blankner, D. W. Harris, G. G. Brownell, T. A. Wallace, D. B. Carson; Gen. Counsel, Frueauff, Robinson & Sloan.

Directors.—George A. Archer, Thomas St. John Bashford, Milan R. Bump, Thomas I. Carter, Henry L. Doherty, Sir Edward Mackay Edgar, Bart., Warren W. Foster, Charles A. Frueauff, Frank Frueauff, Ernest H. Johnston, Paul R. Jones, B. N. Freeman, Louis F. Musil, Watson B. Robinson, Edward W. Rollins, Holton H. Scott, Leslie M. Shaw, Franklin S. Terry, Burton G. Tremaine, George Williams.

General Offices, 60 Wall Street, New York.

Columbia Gas & Electric Company

Incorporated in West Virginia in Sept., 1906, and, in conjunction with the sub-companies named below, controls (a) The gas business in Cincinnati and in 13 municipalities in Hamilton County, Ohio, and the electric business in Cincinnati and 14 adjoining Ohio municipalities; (b) the electrc light and power business in 14, the gas business in 10 and the water supply business in 3 communities on the Kentucky side of the Ohio River opposite Cincinnati; (c) a 66-mile system of electric street railways operating exclusively in Covington, Newport and other Kentucky municipalities and connecting the same with Cincinnati; (d) a 183-mile system of pipe lines for natural gas, connecting (e) gas lands held by the company under leases, contracts, agreements, royalties and the ownership in fee of 255,009 acres of land in Southwestern West Virginia and Eastern Kentucky, with above-mentioned municipalities in Kentucky and Ohio. Also 51 per cent of the $10,000,000 stock of United Fuel Gas Company.

One of the noteworthy features of the growth of Columbia Gas and Electric this year is the increase in gas rates granted in the city of Covington, the new contract extending for a period of five years, fixing a sliding scale ranging from 45 cents per thousand upward to 60 cents, with a minimum monthly charge of 75 cents. The former rate was 30 cents per thousand. Recently the city of Cincinnati also granted an increase in rates. Similarly the city council of Columbus approved an increase from the prevailing 30 cent rate to a new scale ranging from 45 cents to 65 cents for a period of three years beginning in June. The sliding scale quoted above is now in vogue practically throughout the entire state of Ohio.

Stock—Authorized and outstanding, $50,000,000. Shares $100. In July, 1912, a syndicate with A. B. Leach & Co. at the head purchased a majority interest. Listed on New York Cincinnati and Pittsburgh Stock Exchanges.

Dividends—An initial dividend of 1 per cent was paid on the $50,000,000 stock May 15, 1917, Aug., 1917, to Nov., 1919, 1 per cent quar., increased to 5 per cent per annum Jan. 20, 1920.

Bonds—$13,843,000 outstanding first mortgage 5s, dated Jan. 1, 1907, due Jan. 1, 1927, a direct obligation of the company and secured by a first mortgage on all its property, real and personal, now owned or hereafter acquired. Further secured by the securities of subsidiary companies. There are also $2,850,000 5 per cent gold debentures outstanding, due Jan. 1, 1927.

Following are the comparative earnings for the calendar years ended Dec. 31:

Income statement for years ended Dec. 31:

	1920	1919	1918
Gross earnings	$14,616,742	$11,950,272	$11,538,772
Operating expenses and taxes...	7,382,609	6,246,222	5,959,432
Net earnings	7,234,133	5,704,049	5,579,339
Other income	2,673,976	2,309,665	1,965,470
Total gross income	9,908,110	8,013,715	7,544,810
Deductions:			
Accrued rentals to Cinti. G. & E. Co.	2,755,748	2,454,946	2,026,094
Accrued rentals to Cinti Gas Trans. Co. (including sinking fund requirement of $250.000)..	685,772	693,792	697,780
Accrued rentals to C. N. & C. L. & T. Co..................	932,794	902,237	908,387
Total deductions	4,374,315	4,050,976	3,632,262
Net income	5,533,794	3,962,738	3,912,547
Fixed charges, Columbia Gas & Electric Co.			
Accrued interest on 1st mortgage 5% gold bonds of Col. G. & E. Co.	563,591	574,513	582,525
Accrued interest on 5% gold debentures of Col. G. & E. Co.	130,825	130,825	130,825
Total fixed charges	694,416	705,338	713,350
Surplus	$ 4,839.377	$ 3,257,400	$ 3,199,197
Dividends paid	$ 3,000,000	$ 2,000,000	$ 2,000,000

Compared with the two last calendar years, earnings of Columbia Gas & Electric company for the twelve months ended Oct. 31, 1921, show as follows:

INCOME STATEMENT FOR YEAR ENDED DEC. 31:

EARNINGS FOR 12 MONTHS ENDED

	Oct. 31, 1921	Dec. 31, 1920	Dec. 31,1919
Gross earnings	$14,920,116	$14,616,742	$11,950,273
Net earnings	7,176,177	7,234,133	5,704,050

Other income	2,687,823	2,673,976	2,309,665
Gross income	9,864,000	9,908,110	8,013,715
Accrued rentals, etc.	4,649,625	4,374,315	4,050,976
Fix. Chges., C. G. & E. Co.	700,333	694,416	705,339
Surplus	4,514,042	4,839,377	3,251,400
Dividends paid	3,000,000	3,000,000	2,000,000

The consolidated balance sheet of Columbia Gas & Electric company and of the Union Gas & Electric company for the calendar year 1920, is as follows:

ASSETS:

Property account, comprising gas fields, plants franchises, leases, and stock owned of United Fuel Gas Co. (153,000 shares—51%)		$65,615,758.64
Guarantee Funds Deposited with Trustees:		
Cash	$ 104,915.56	
United Kingdom 5½% gold notes	97,906.25	
State of Ohio non-taxable municipal securities	1,513,156.06	
United States Liberty bonds (and other U. S. securities)	1,912,147.13	
		3,628,125.00
Other Securities Owned:		
Cincinnati, Newport & Covington Lt. & Tr. Co. 4½% Preferred Stock (850 shares		85,000.00
Liberty bonds		33,700.00
First mortgage 5% bonds in treasury ($2,342,000.00 face amount)		1,921,330.00
5% Gold Debentures in Treasury		232,831.67
Current and Working Assets:		
Cash	2,100,020.08	
Accounts receivable	1,965,190.88	
Material and supplies	774,931.01	
Interest and dividends accrued on securities owned	676,406.44	
		5,516,548.41
Deferred Assets:		
Prepaid accounts		216,263.43
		$77,249,557.15

LIABILITIES

Capital Stock, Col. G. & E. Co.		$50,000,000.00
First Mortgage 5% Gold Bonds, Col. G. & E. Co.		13,843,000.00
5% Gold Debentures, Col. G. & E. Co.		2,850,000.00
Current and Accrued Liabilities:		
Accounts Payable	$ 1,071,520.91	
Accrued Taxes	915,836.43	
Accrued Rentals	850,719.17	
Accrued Interest on 1st Mortgage Bonds	287,525.00	
Accrued Interest on Debentures	65,412.50	
Accrued Dividend Payable	500,000.00	
		3,691,014.01
Deferred Liabilities:		
Customers' Deposits		245,839.48
Reserves:		
Accrued Accounts	18,061.96	
To Amortize Kentucky Betterments	152,777.90	
For Net Current Assets leased Sept. 1, 1906	336,731.43	
For Depreciation	3,085,790.00	
		3,593,361.29
Surplus		3,026,342.37
		$77,249,557.15

Indication of the growth and expansion of the Columbia Gas and Electric company, the following comparative table of operating statistics will show the various sources of revenue, and the amounts, to Columbia Gas and Electric:

UTILITIES OPERATING IN CINCINNATI DISTRICT:

Gas Department:	1920	1919	1918
Total number of gas customers	153,701	149,867	144,518
Total number of meters in use	154,007	152,001	151,051
Total gas sold (thousand cu. ft.)	20,455,196	16,986,267	18,373,720
Electric Department:			
Total number of electric customers	63,182	49,245	42,844
Total number of meters in use	64,658	50,201	43,822
Capacity of motors (H. P.)	114,257	90,156	79,393
Capacity of transformers (K. W.)	64,243	54,836	45,574
Capacity of incandescent lamps (K. W. eq)	78,689	58,163	52,760
Total connected load (K. W.)	170,946	135,782	120,536
K. W. H. sold	205,519,183	157,498,561	120,807,706
Street Railway Department:			
Total revenue passengers carried	36,358,420	33,783,945	29,918,801
Total car miles	4,128,098	4,061,642	4,218,512
Water Department:			
Total number of water consumers	4,057	4,022	3,937

NATURAL GAS AND OIL PROPERTIES:

United Fuel Gas Company:			
Gas sold (thousand cu. ft.)	51,795,457	51,650,275	57,035,146
Oil produced (barrels)	167,764	236,309	274,910
Gas Wells owned	690	657	656
Oil Wells owned	176	163	142
Gas Mains owned (miles)	1,497	1,458	1,458
Gasoline produced (gallons)	11,998,933	11,558,923	9,187,311
Columbia Gas & Electric Company:			
Gas sold (thousand cu. ft.)	18,256,927	14,372,716	15,880,527
Gas Wells owned	264	255	239
Gas Mains owned (miles)	310	307	298
Gasoline produced (gallons)	3,744,327	2,919,167	2,810,619

OFFICERS—A. B. Leach, President; P. G. Gossler, Chairman of the Board; Polk Laffoon, Vice-President; W. Y. Cartwright, Vice-President; H. A. Wallace, Vice-President; Polk Laffoon, Secretary-Treasurer; A. Sherlock, Asst. Secretary-Treasurer; Paul Fisher, Asst. Secretary-Treasurer.

DIRECTORS—R. G. Altizer, Charleston, W. Va.; Beverley Bogert, New York, N. Y.; Murray E. Coggeshall, George W. Crawford, Pittsburgh, Pa.; W. W. Freeman, Cincinnati, Ohio; P. G. Gossler, New York, N. Y.; John W. Herbert, New York, N. Y.; J. M. Hutton, Cincinnati, Ohio; A. B. Leach, New York, N. Y.; Wm. P. Philips, New York, N. Y.; Henry Seligman, New York, N. Y.; Frederick Strauss, New York, N. Y.; Chas. P. Taft, Cincinnati, Ohio; H. A. Wallace, Charleston, W. Va.; Polk Laffoon.

Commonwealth Edison Company

Incorporated in Illinois, 1907. A consolidation of Chicago Edison and Commonwealth Electric companies, which took over in Oct. 1913, by consolidation Cosmopolitan Electric Company. Has practically a monopoly of electric lighting and power business of Chicago, including the furnishing of all the power required by the elevated and surface railways. Franchises extend to 1947. Company pays the city 3 per cent of its gross receipts as tax on earnings. Number of customers, 400,000.

Capital—Authorized, $60,000,000. Issued, $50,978,000. The stock is exempt from personal property taxes when held by residents of Illinois. Capital stock was increased $4,583,890 in 1917 and stockholders of record Feb. 1, 1917, were allowed to subscribe at par pro rata to their holdings.

Dividends—8 per cent per annum from Nov. 1, 1913, to date; a stock div. of 10 per cent ($3,695,000) was distributed Nov. 1, 1913; May, 1911, to Aug. 1, 1913, 7 per cent per annum; Nov. 1, 1908, to Feb. 1, 1911, 6 per cent per annum; Nov. 1, 1907, to Aug. 1, 1908, 5 per cent per annum. Without interruption, divs. of 8 per cent per annum were paid by the (old) Chicago Edison Co. from 1889 to consolidation (1907).

Funded Debt—$8,000,000 Commonwealth Electric Co. 1st Mtge. 5s, dated 1908; due June 1, 1943.

$34,631,000 Commonwealth Edison Co. 1st Mtge. 5s, dated Sept. 1, 1908; due June 1, 1943.

Both of these bond issues are equally secured by the same mortgage, which includes all property to be acquired. Mortgage is not limited in amount; additional bonds are issuable for 75 per cent of cost of extensions, etc. Sinking fund, $17,000,000 annually, beginning 1914, as depreciation reserve, for each $1,000,000 of bonds outstanding.

$5,000,000 Commonwealth Edison Co. 7% collateral notes, Series A, due June 1, 1925, wated June 1, 1920. Secured by $7,143,000 first mortgage 5s of 1943.

EARNINGS—CALENDAR YEAR

	1920	1919	1918	1917
Operating revenue	$ 35,317,134	$ 30,366,426	$ 26,505,136	$ 25,351,585
*Operating expenses	24,698,185	19,519,507	16,942,026	16,627,882
Taxes and municipal compensation and uncollectible revenue	3,251,001	3,370,132	2,791,368	2,229,907
Operating income	$ 7,367,948	$ 7,476,787	$ 6,771,742	$ 6,493,796
Other income	679,967	619,802	296,278	314,831
Total income	$ 8,047,915	$ 8,096,589	$ 7,068,020	$ 6,808,627
Deductions from gross income	815,914	950,214	......	......
Interest on bonds	2,523,600	2,299,236	2,131,550	2,131,550
Net income	$ 4,708,401	$ 4,847,139	$ 4,936,470	$ 4,677,077
Dividends	3,955,600	3,942,340	4,033,824	3,667,352
Surplus	$ 752,801	$ 904,799	$ 902,646	$ 1,009,725

*Operating expenses in all years include current depreciation.

The balance sheet as of December 31, 1920, compares as follows:

ASSETS

	1920	1919	1918	1917
Plants, real estate, etc.	$107,512,786	$ 99,250,782	$ 99,275,885	$ 95,791,732
Securities	15,743,573	15,566,306	9,485,692	8,005,598
Reserves	1,221,010	1,113,740	983,920	......
Annuity investment	695,120	656,720	569,095	......
Material and advances	3,814,240	2,240,809	3,514,127	3,269,985
Accounts and bills receivable	8,578,147	7,838,508	6,335,395	7,342,452
Cash	1,302,758	1,598,140	1,157,385	2,210,969
Liberty Loan account	......	......	793,114	549,111
Prepaid accounts and unadj. debits	2,758,095	1,886,360	......	......
Total assets	$141,625,731	$130,151,365	$122,114,613	$117,169,846

LIABILITIES

	1920	1919	1918	1917
Capital Stock	$ 51,141,600	$ 50,422,800	$ 50,422,800	$ 50,422,826
Commonwealth Edison 1st mortgage	38,631,000	38,631,000	34,631,000	34,631,000
Commonwealth Electric 1st mortgage	13,000,000	8,000,000	8,000,000	8,000,000
Open accounts	......	......	53,743	243,588
Notes payable	1,950,000	......	*1,699,442	1,500,000
Depreciation reserves	16,322,577	16,088,094	13,842,258	12,521,683
Accounts payable	2,298,870	1,335,073	968,923	779,155

Customers Deposits and other current liab..	2,505,524	1,615,063	686,736	193,[illegible]11
Municipal Compensation Accrued	759,764	660,915	582,339	544,176
Taxes Accrued.......	2,157,004	2,357,303	2,010,000	1,438,000
Bond Interest Accrued	805,403	775,750	710,517	710,517
Other Accrued Liab...	250	13,750	......	......
Unadjusted Credits...	540 011	524,989	983,920	......
Other Reserves.......	3,259,323	2,112,437	569,095	......
Surplus	8,254,405	7,614,189	6,953,840	6,184,[illegible]00
Total	$141,625,731	$130,151,365	$122,114,613	$117,169,846

Growth and Extensions: During the year 1920, 59,967 new customers were added to the company's system, an increase of approximately 14.5 per cent. The total number of customers is now about 490,000. The highest load carried during the year 1920 was 478,820 kilowatts. It is believed that there is no other electricity-supply organization in the world carrying a load as heavy as this.

The total generating capacity of the company is the equivalent of about 830,000 horsepower. Work is under way on the Calumet generating station on the Calumet River at East One-Hundredth Street. This station is designed to have an ultimate rating of 180,000 kilowatts, or about 270,000 horsepower.

The company burns about 2,200,000 tons of coal annually, and it receives practically all of its supply from its own mines. It has 7 generating stations, including some of the largest and most economical in the world, and 58 commercial substations.

Mutual Benefit Association: The employees of the company, with the hearty concurrence of the management, have recently formed the Commonwealth Edison Mutual Benefit Association, by means of which life and health insurance may be purchased by employees at low cost. The company has entered into an arrangement with this association under which the company will, in cases of disability or death, pay substantial benefits in addition to those payable under the rules of the association. On May 30, 1921, the associa-
The total generating capacity of the company is equiva-
tion had 3,204 members.

Employees Representation Plan: In the early part of 1921, as the result of a "Constitutional Convention" made up of an equal number of delegates representing the management and elected by employees by secret ballot, an Employees Representation Plan was established. This plan was subsequently ratified by an overwhelming vote of employees and by official action of the board of directors. Machinery is provided "to insure fairness and justice to the employees, the management, the stockholders, and the public." An Industrial Relations Department has been established to supervise the detailed operation of this Plan in a fair and impartial manner. It is in charge of a Manager of Industrial Relations, who reports directly to the president. The plan provides employees a medium for voicing their views and for real representation in the settlement of all questions affecting them in their relations with the company.

Selling Junior Securities Directly to the Public: Following successful efforts to sell shares of its capital stock directly to the public through its employees the company established an Investment Department in 1920. This department, with headquarters in the Edison Building, 72 West Adams Street, has proved its usefulness and is available to any one desiring information relative to the company's securities.

At the beginning of 1920 the company had 6,517 stockholders. On June 21, 1921, as a result of employees' voluntary efforts in selling stock and of the work of the investment department, the company had 19,555 actual stockholders and 10,672 subscribers on the partial-payment plan, making a total of 30,227 stockholders and stockholders in the making.

Electrical Merchandise Sales: Sales of electrical merchandise are increasing rapidly. To obtain needed facilities for growth the company leased about 6,000 square feet of space on the ground floor of the Marquette Building, adding this to practically the entire ground floor of the Edison Building, making the Electric Shop in this location, with entrances and show windows on South Dearborn Street, West Adams Street and South Clark Street, undoubtedly the largest merchandising establishment in the world of this character.

Directors: Henry A. Blair, Watson F. Blair, Benjamin Carpenter, Robert T. Lincoln, John J. Mitchell, James A. Patten, John G. Shedd, Solomon A. Smith, Samuel Insull.

Officers: President, Samuel Insull; vice-president in charge of contract, operating, construction and electrical departments, Louis A. Ferguson; vice-president in charge of purchasing, stores, transportation and statistical departments, John F. Gilchrist; vice-president in charge of finances, securities and claims, with supervision over the secretary and treasurer and their departments, William A. Fox; vice-president in charge of accounting with supervision over the auditor and auditing department, John H. Gulick; secretary and treasurer, Edmond J. Doyle; assistant secretary, Robert L. Elliott; assistant secretary, Richard Mueller; assistant treasurer, George E. Burns; auditor, Henry E. Addenbrooke; assistant auditor, Thomas J. Walsh; assistant auditor, David Levine.

Annual Meeting: Last Monday in February. Fiscal year ends December 31.

Commonwealth Power, Railway & Light Co.

Incorporated in Maine, 1910, as a holding company, to consolidate certain gas, electric light, power and traction properties. Controls, through stock ownership: Consumers Power Co., Grand Rapids Ry. Co., Michigan Light Co., Michigan Railroad Co., Michigan United Railways Co., Union Ry., Gas & Electric Co., Saginaw-Bay City Ry. Co., Springfield (O.) Light, Heat & Power Co., Grand Rapids, Holland & Chicago Ry. Co., Manistee Railway Co.; Central Illinois Light Co.; Southern Indiana Gas & Electric Co.; Springfield, (Ill.) Gas & Electric Co.; Consolidated Railway Co.; Rockford, (Ill.) City Traction Co.; Rockford & Interurban Ry. Co.; DeKalb-Sycamore Electric Co.; Bissell Coal Co., etc.

This company, through the above named subsidiaries, owns and operates public utility properties located in several states of the Middle West, serving a total of over 180 communities, as follows: Electric light and power systems, serving 128 communities; electric railway, 887 miles of single track, serving 101 communities; 15 cities being furnished with gas, through 956 miles of mains; hydro-electric plants in 6 separate sheds, with installed capacity of 101,000 H. P. Steam stations, in different cities, with combined capacity of 164,500 H. P. 1410 miles of transmission lines, approximately all of which are high tension.

In addition to owning local street railway systems in twelve of the more important cities in above list, the subsidiaries own electric interurban lines in Michigan, connecting Grand Rapids and Kalamazoo, Bay City and Saginaw and Flint, Lansing and St. John; Owosso and Jackson, extending from Jackson to Battle Creek, Kalamazoo and Allegan; Grand Rapids through Holland to Saugatuck; interurban lines in Indiana, from Evansville, through Princeton, to Patoka; interurban lines between Rockford, Freeport and Belvidere, Ill., and Beloit and Janesville, Wis., and between DeKalb and Sycamore, Ill. Total population served approximately 1,400,000.

Its subsidiaries also own undeveloped flowage lands on the Au Sable, Grand, Kalamazoo, Muskegon and Manistee rivers, for use when additional hydro-generating capacity is needed. In 1917 the company purchased a controlling interest and in January, 1919, acquired the balance in a coal mine in Logan County, West Virginia; production, 250,000 tons per year. From one of its subsidiaries in 1917, it acquired coal lands just outside of Springfield, Ill., which are now operating and have an approximate annual production of 125,000 tons.

These properties are under the supervision and management of Hodenpyl, Hardy & Co., Inc., New York, and E. W. Clark & Co., of Philadelphia.

Capital—Authorized, $35,000,000 6 per cent cumulative

preferred and $25,000,000 common. Outstanding, $17,953,000 preferred and $18,585,900 common. Preferred is redeemable at 105 and dividends.

Dividends—Preferred, 6 per cent per annum, February, May, August and November 1, from May 1, 1910, to date; the payments from February 1, 1918, have been paid in script, due on or before February 1, 1926, with interest at 6 per cent per annum. Scrip dividends issued in 1919 mature Feb. 1, 1925. Common: None paid from November 1, 1917, to date; 4 per cent per annum, paid February, May, August and November 1, from May 1, 1913, to November 1, 1917, inclusive.

Funded Debt—$7,606,150 5-year 7 per cent convertible 7s dated May 1, 1918, due May 1, 1923.

$650,000 6 per cent serial secured notes due $100,000 each June 1, 1921-1924, and $350,000 June 1, 1924. Secured by pledge of $1,200,000 General 6s of 1924 of Grand Rapids Ry. Co.

$1,722,500 serial 7 per cent secured notes due 1921-1924.

$3,221,950 4 per cent dividend scrip due 1924-1926.

EARNINGS—Calendar Years:

Subsidiaries:	1920	1919	1918	1917
Gross receipts	$31,285,981	$25,964,899	$21,918,061	$19,723,736
Operating expenses	20,623,389	15,336,531	13,418,028	11,078,633
Gross income	10,662,592	10,628,368	8,500,033	8,645,104
Fixed charges including taxes and dividends on outstanding pfd. stocks of subsidiaries	8,787,674	8,209,240	7,549,130	6,495,479
Net income	1,874,918	2,419,128	950,903	2,149,625
Preferred divs. — Commonwealth Ry. & Light Co.	1,077,180	1,077,180	1,077,180	1,077,180
Available for common divs. and depreciation	797,738	2,419,128	950,902	1,072,615

Following are the latest available corporation earnings for October, 1921, and for ten and twelve months ended Oct. 31, 1921 of Consumers Power Company, a subsidiary of Commonwealth Power, Railway & Light Co.:

CONSUMERS POWER COMPANY

Including Operations of Michigan Light Company

Month of October

	1921	1920	1919	1918
Gross Earnings	$ 1,184,492	$ 1,242,914	$ 1,016,947	$ 810,377
Operating Expenses including taxes, maintenance and rentals	709,784	828,363	684,394	564,920
Gross Income	474,708	414,551	332,553	245,457
Fixed Charges	208,174	194,442	124,491	131,765
Net Income available for dividends, replacements and depreciation	266,533	220,108	208,061	113,692
Dividend Pref. Stock	72,414	66,430	64,273	63,964
Balance	$ 194,119	$ 153,677	$ 143,788	$ 49,728

For 10 Months Ending October 31

	1921	1920	1919	1918
Gross Earnings	$11,564,444	$11,554,366	$ 9,161,805	$7,578,512
Operating Expenses including taxes, maintenance and rentals	7,011,803	8,250,503	5,860,157	5,010,320
Gross Income	4,552,641	3,303,862	3,301,648	2,568,192
Fixed Charges	1,942,229	1,731,257	1,420,189	1,255,385
Net Income available for dividends, replacements and depreciation	2,610,411	1,572,605	1,881,458	1,312,807
Dividend Pref. Stock	699,424	648,071	642,034	638,617
Balance	$ 1,910,987	$ 924,533	$ 1,239,424	$ 674,190

For 12 Months Ending October 31

	1921	1920	1919	1918
Gross Earnings	$14,167,531	$13,831,654	$11,013,988	$9,206,793
Operating Expenses including taxes, maintenance and rentals	8,596,936	9,607,399	7,004,557	6,114,159
Gross Income	5,570,595	4,224,255	4,009,431	3,092,634
Fixed Charges	2,323,931	2,009,841	1,713,919	1,452,545
Net Income available for dividends, replacements and depreciation	3,246,664	2,214,413	2,295,511	1,640,089
Dividend Pref. Stock	832,855	776,622	769,971	763,890
Balance	$ 2,413,808	$ 1,437,791	$ 1,525,540	$ 876,199

Dated: November 25, 1921.

The latest condensed balance sheet as of Sept. 30, 1921 shows as follows:

ASSETS

Securities and Property Owned	$52,590,893
Cars and Equipment	381,883
Coal Properties and Equipment	1,211,621
Discount on Bonds and Notes (Being amortized)	98,847
Cash on Deposit	677,611
Advances to Subsidiary Companies	3,764,800
Accounts Receivable (Subsidiary Companies)	62,961
Interest Receivable (Subsidiary Companies)	158,434
Cumulative Dividend on Preferred Stock	718,120
Balance	1,417,164
Total	$58,947,052

LIABILITIES

Preferred Capital Stock	$17,953,000
Common Capital Stock	18,585,900
Common Stock Deliverable (Upon Conversion of Bonds)	2,414,100
Five-Year 7% Secured Convertible Bonds (Due May 1, 1923)	7,608,400
One-Year 7% Secured Gold Notes (Due November 1, 1921)	3,570,000
Scrip Due February 1, 1924	992,846
Scrip Due February 1, 1925	1,100,279
Scrip Due February 1, 1926	1,102,394
Scrip Due February 1, 1927	294,946
Secured Serial 7% Gold Notes	1,496,000
Secured Serial 6% Gold Notes	550,000
Purchase Money Contracts and Bonds Payable on Coal Properties	471,600
Car Trust Certificates Payable	219,297
Mortgage Payable (Due June 1, 1922)	65,000
Accrued Accounts	388,005
Surplus	*2,135,284
Total	$58,947,052

*Of the amounts standing to credit of Surplus Accounts of Subsidiary Companies there are accruing to the Commonwealth Power Railway and Light Company to September 30, 1921, undistributed earnings amounting to the sum of $132,284.17.

Officers—Pres., Geo. E. Hardy; Vice-Pres., B. C. Cobb, C. M. Clark, John C. Weadock, Jacob Hekma; Comptroller, H. G. Kessler; Sec., G. H. Bourne; Treas., Geo. Sprague, Jr.; Ass't Sec., E. E. Nelson; Ass't Treas., O. R. Coleman; Ass't Sec. and Ass't Treas., C. A. Pearson, Jr.

Directors—John W. Barr, Jr., C. M. Clark, E. W. Clark, B. C. Cobb, W. M. Eaton, E. G. Filer, J. B. Foote, Jacob Hekma, Geo. E. Hardy, Anton G. Hodenpyl, Emerson McMillin, Edwin C. Nichols, N. S. Potter, Waldo S. Reed, James Richardson, W. W. Tefft, A. A. Tilney, John C. Weadock, Lewis H. Whitney, E. W. Clark, 3rd, Earl S. Colman.

The Detroit Edison Company

Incorporated 1903; subsidiaries include Edison Illuminating Co., Peninsular Electric Light Co., Eastern Michigan Edison Co., Central Heating Co., Murphy Power Co.

The company is required to maintain the corporate existence of the Edison Illuminating Co. and Peninsular Electric Light Co. and of two companies subsidiary to the Eastern Michigan Edison Co., viz.: the Washtenaw Light & Power Co. and St. Clair Edison Co.

On Nov. 26, 1919, the Detroit Edison Co. purchased the entire capital stock of the Port Huron Gas and Electric Co.

The Detroit Edison Co. and its subsidiaries do the entire commercial electric lighting and industrial power business of the City of Detroit and serve the cities of Ann Arbor, Ypsilanti, Mount Clemens, Monroe, Highland Park, Howell, Marine City, St. Clair, Port Huron, and 46 other towns and villages, with a total population estimated at about 1,300,000, all in the State of Michigan. The outer territory is tributary to Detroit and is all served by one interconnecting system of transmission lines. The company also does a large steam heating business in the City of Detroit, and supplies gas for industrial and residential purposes in the City of Port Huron, from the plant of the Port Huron Gas and Electric Company. Also furnishes power to the Detroit United Railways for the operation of Street Car service in the above mentioned territory. The electric generating plants have a present rated capacity of 405,000 horsepower, of which nearly 393,000 h. p. is in two steam plants located in Detroit. These plants are connected with each other and with the territory served by comprehensive systems of transmission and distributing lines, the output being distributed through 56 substations. The company has additional power plants at other points. Franchises in Detroit extend to 1940 or beyond; outside of Detroit, mostly 30 years. Number of consumers, 284,191.

The Michigan Public Utilities Commission regulates the Company's rates and has authorized increases from time to time, to keep pace with operating expenses. The last increase was effective Sept. 1, 1920.

Capital Stock.—Authorized, $60,000,000; outstanding, $27,663,000.

Dividends.—8% per annum, Jan., April, July and Oct. 15, from Jan. 15, 1916, to date; 7% per annum, July 16, 1911,

to Oct. 15, 1915, inclusive; 5% per annum, July 15, 1910, to April 15, 1911; 4% per annum, July 15, 1909, to April 15, 1910, inclusive.

Funded Debt

$10,000,000 1st Mortgage and Collateral Trust 5s, dated Jan. 28, 1903; due Jan. 1, 1933. Int., Jan. and July 1. Closed mortgage. Secured by first mortgage on entire property, including acquisitions, except Connors Creek and Huron River plants; also by first lien on stocks and debentures of subsidiaries.*

$16,665,000 1st and Refunding 5s, Series "A," dated July 1, 1915; due July 1, 1940. Int., March and Sept. 1. Callable March 1, 1930, or prior thereto, at 107½ and int.; from then to March 1, 1935, at 105 and int., and thereafter at 102½ and int. Authorized, $75,000,000, of which $14,000,000 are reserved to retire underlying bonds, the balance issuable to a par value of 70% of additions, extensions, etc., and then only when net earnings equal 175% of all bond interest, including int. on proposed additional and underlying bonds.‡

$10,000,000 1st and Refunding 6s, Series B. Description same as "Series A."

$34,400 Convertible Debenture 6s, dated Feb. 1, 1914; due Feb. 1, 1924. Int., Feb. and Aug. 1. Authorized, $6,000,-000, of which $3,320,100 have been converted, the remaining $2,645,500 were issued dated Jan. 15, 1915. Convertible up to Feb. 1, 1922, into stock at par. Callable Feb. 1, 1919, and thereafter at 105 and int.‡

$104,000 Convertible Debenture 6s, dated Jan. 15, 1915; due Jan. 15, 1925. Int., Jan. and July 15. Part of $6,000,000 issue, of which $3,354,500 were issued as of Feb. 1, 1914, and $2,645,500 dated Jan. 15, 1915. Convertible up to Jan. 15, 1923, into stock at par. Callable Jan. 15, 1920, and thereafter at 105 and int.‡

$1,890,000 Convertible Debenture 7s, dated Jan. 15, 1918; due Jan. 15, 1928. Int., Jan. and July 15. Authorized, $3,800,000. Calable at 105 and int. on or after Jan. 15, 1923, and before Jan. 15, 1926, and at 102 on or after Jan. 15, 1926, and before maturity. Convertible into stock at par from Jan. 15, 1920, to July 15, 1927.‡

$2,600,000 Convertible Debenture 7s, dated Feb. 1, 1919; due Feb. 1, 1929. Int., Feb. and Aug. 1. Authorized, $2,600,-000. Callable at 105 and interest after February 1, 1923, and before February 1, 1927, and at 102 thereafter, and before maturity. Convertible into stock at par from Feb. 1, 1921, until Aug. 1, 1928.‡

$5,503,500 Convertible Debenture 7s, dated March 1, 1920; due March 1, 1930. Int., March and Sept. 1. Authorized, $5,503,500. Callable at 105 and interest after March 1, 1924, and before March 1, 1928, thereafter and before maturity at 102 and interest. Convertible into stock at par from March 1, 1922, until September 1, 1929.‡

$5,532,600 Convertible Debenture 8s, dated Jan. 10, 1921; due Jan. 10, 1931. Int., Jan. and July 10. Authorized, $5,532,600. Callable on and after Jan. 10, 1923, at a premium of 5%, and on Jan. 10, 1924, and at any time thereafter at a premium of ½% for each year or unexpired portion thereof to maturity.‡

$4,000,000 Eastern Michigan Edison Co. 1st 5s, dated Nov. 1, 1906; due Nov. 1, 1931. Int., May and Nov. 1.*

Earnings—including Subsidiaries—Calendar Years

	1920	1919	1918	1917
Gross revenue	$21,990,352	$16,498,391	$13,801,527	$12,279,926
Operating exp. and taxes	17,056,658	11,360,073	9,271,537	7,833,515
Reserves	1,100,000	860,000	782,000	782,000
Net earnings	3,833,694	5,138,318	3,747,991	3,664,410
Bond and other interest	2,462,757	1,721,583	1,353,767	1,028,562
Dividends	2,201,628	2,058,531	2,055,676	*1,966,905
Surplus for year	**1,006,071	430,204	†338,598	668,943
Total surplus Dec. 31	1,653,687	2,831,418	2,641,399	2,302,801

*Includes dividends declared payable Jan. 15. †Before adjustments.
**After adjustments.

Officers.—Pres. and Gen. Mgr., Alex. Dow; V. P.'s, Alfred Jaretzki, Alfred C. Marshall and James V. Oxtoby; Sec., Jas. F. Fogarty; Treas., Samuel C. Mumford; Asst. Sec. and Asst. Treas., Geo. Wiley; Asst. Treas. at Detroit, Payson D. Foster and Mary E. Needham.

Directors.—Edwin M. Bulkley, Alfred Jaretzki, Chas. C. Jenks, Lem W. Bowen, Alex. Dow, E. W. Rice, Jr., Harrison Williams, Alfred C. Marshall, Daniel E. Pomeroy.

Office, 1132 Washington Avenue, Detroit, Mich.

Dubuque Electric Company

Incorporated June 3, 1916, in Delaware. Successor to the Union Electric Co. Does entire electric lighting and power business in Dubuque, Iowa, and surrounding communities, serving a population of about 50,000.

Capital Stock—Common, $2,000,000 authorized; outstanding common, $682,000; preferred, $800,000.

Funded Debt—$2,415,000 first gold 5s, dated June 1, 1917, due June 1, 1925. Authorized issue, $6,000,000. Subject to call on any interest date at 101 and interest on 30 days' notice. Sinking fund beginning June 1, 1917, provides for 10% of gross earnings.

$62,500 three-year 8% secured notes dated December 1, 1921, due December 1, 1923.

EARNINGS—12 MONTHS ENDED OCTOBER 31, 1921

Gross earnings	$988,151.47
Operating expenses	706,479.52
Net earnings	$281,671.95
Bond interest	121,083.79
Balance	$160,588.16

Illinois Bell Telephone Company

This corporation was formed under the laws of the state of Illinois in 1881 and is controlled through ownership of practically all of its stock by American Telephone & Telegraph Company. Owns and operates the Bell system in Chicago and Cook County as well as in DuPage, Grundy, Kane, Kendall, McHenry, Lake and Will Counties in Illinois, and in Lake and Porter Counties in Indiana, including the cities of Evanston, Joliet, Aurora, Waukegan and Hammond. On Dec. 31, 1918, the total company stations were 613,484, an increase from 231,180. The average number of calls daily in 1918 was 2,950,000.

Capital—$50,000,000 authorized, of which $40,000,000 is issued. Eight per cent dividends have been paid annually from 1908 to date. In December, 1908, an extra dividend of 20 per cent in stock was paid.

Funded Debt—$19,004,000 first mortgage 5s, dated 1908, due Dec. 1, 1923. $200,000 Rockford Home Telephone 6s, 1922; $120,000 Eastern Illinois Independent Telephone 5s, due 1924; $200,000 Home Telephone Co. of Champaign County 5s, due 1926.

Earnings—Calendar years:

	1920	1919	1917	1916
Operating revenues	$33,201,707	$11,796,230	$21,543,914	$19,672,718
Operating expenses	28,035,961	9,421,701	16,552,825	14,031,547
Net operating revenues	5,167,842	2,374,538	4,991,089	5,641,171
Taxes and Uncollections	2,491,912	799,814	1,432,451	1,228,056
Total operating income	2,675,960	1,574,724	3,558,638	4,413,115
Net non-operating revenue	157,582	85,245	107,580	96,850
Total gross income	2,833,542	*4,091,396	3,666,219	4,509,965
Rent, interest, etc.	1,407,082	1,058,216	1,218,221	1,095,379
Balance for divs.	1,426,460	3,033,179	2,447,998	3,414,586
Divs. paid	3,200,000	3,200,000	2,520,000	2,220,000
Other appropriations	......	1,000	1,000	1,000
Surplus for year, def.	†1,773,540	......	73,002	1,193,586

*Includes $2,431,396 account government contract.

†Deficit.

Earnings for 1918 have not been published owing to the fact that the company was under the control of the federal government part of the year.

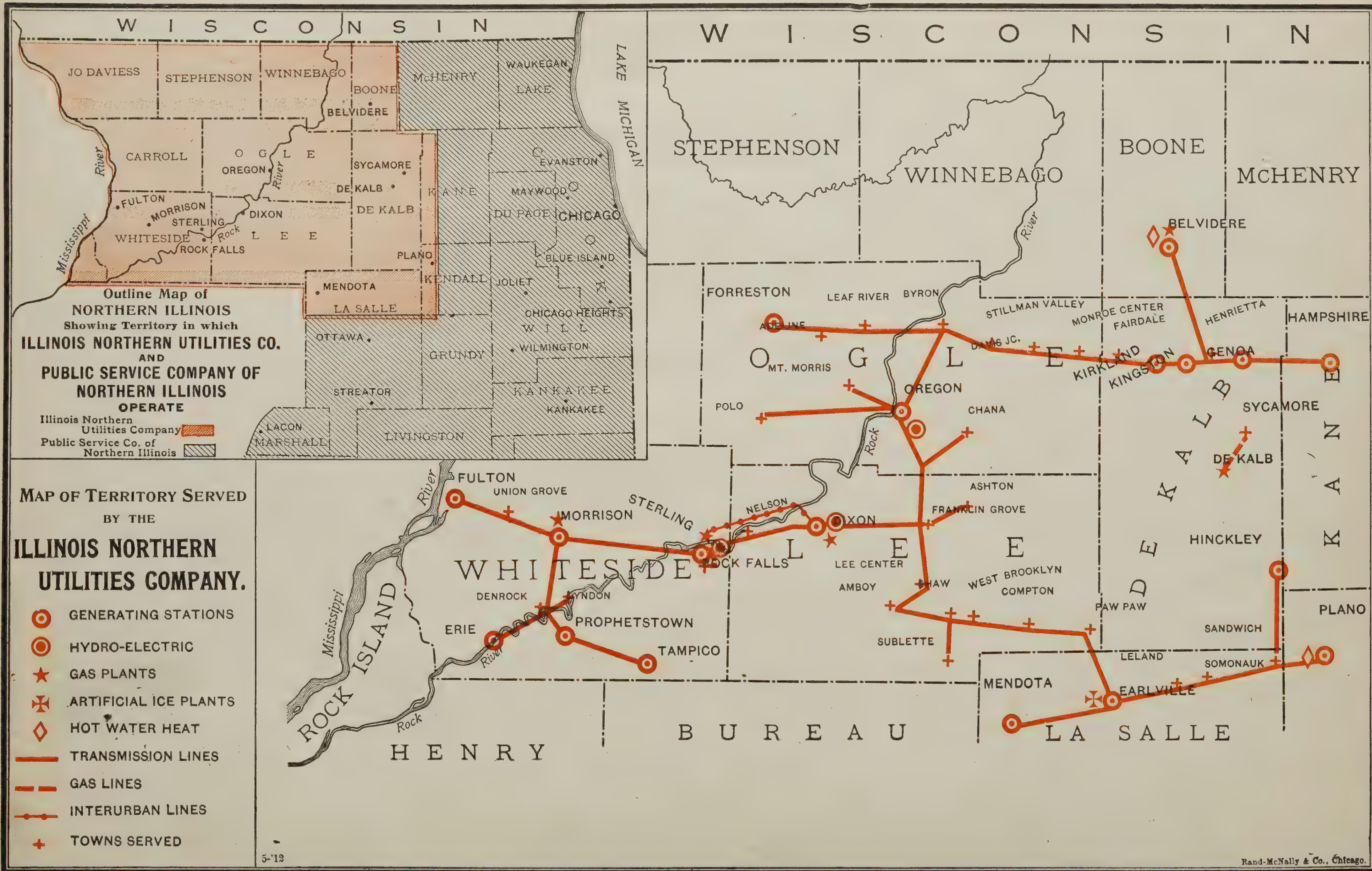
Following is the balance sheet for calendar years, 1918 omitted (company under control of federal government part of the year):

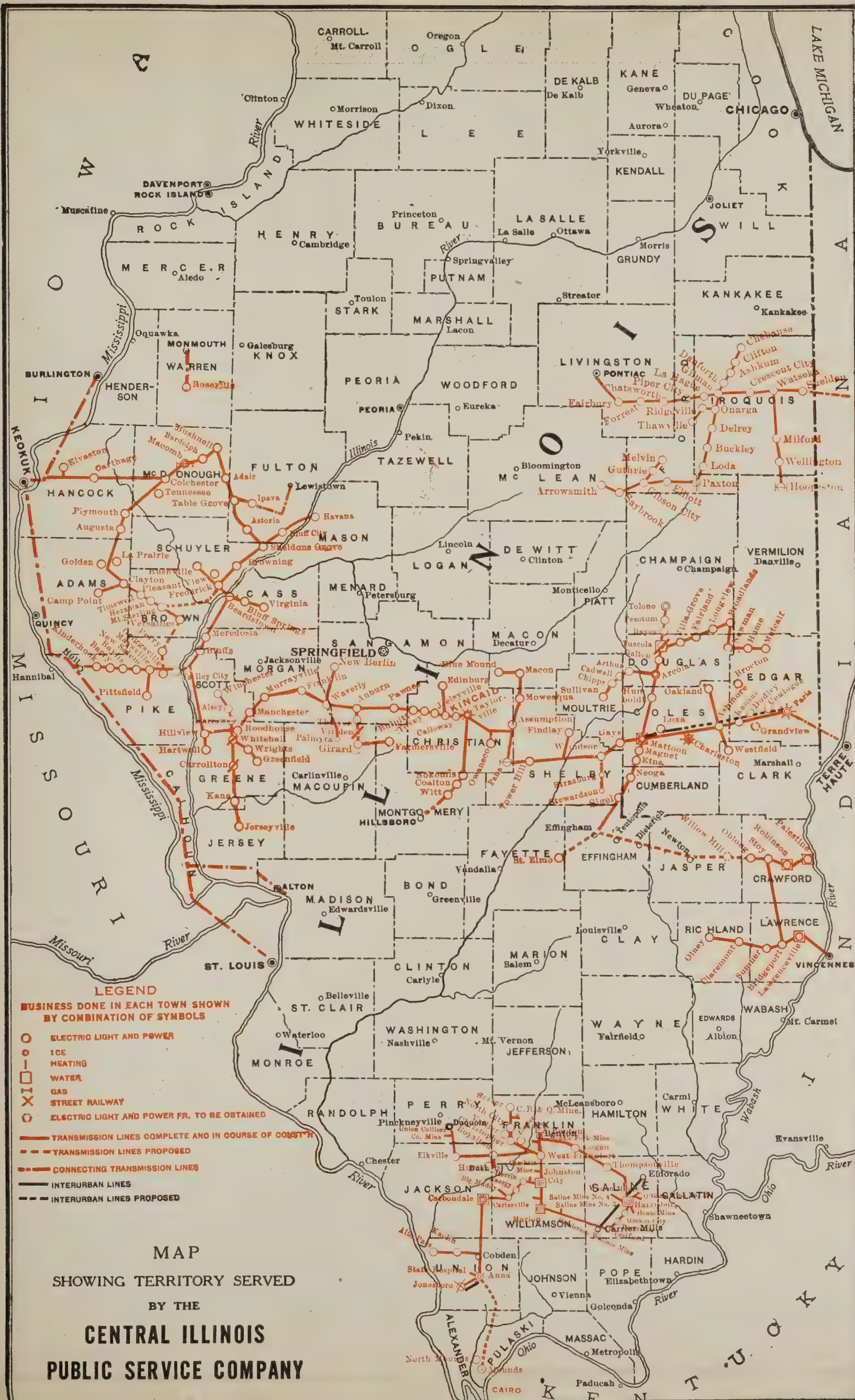
BALANCE SHEET

ASSETS

	1916	1917	1919	1920
Intangible capital	$ 3,509	$ 3,728	$ 8,085	$ 7,720
Plant:				
Land and buildings	$ 7,747,811	$ 9,822,500	$10,714,342	$ 11,865,146
Telephone plant	57,339,752	64,273,821	72,311,899	94,536,177
General equipment	927,581	1,135,793	1,242,913	1,696,992
Total plant	$66,015,144	$75,232,114	$84,269,154	$108,098,315
Other permanent and long term investments	182,341	143,208	130,461	88,261

*Company pays the Federal Normal Income Tax of 2%.
‡Company does not pay Federal Normal Income Tax.


WISCONSIN
JO DAVIESS
STEPHENSON
WINNEBAGO
BOONE
BELVIDERE
McHENRY
WAUKEGAN
LAKE
CARROLL
OGLE
OREGON
SYCAMORE
DE KALB
KANE
EVANSTON
MAYWOOD
DU PAGE
CHICAGO
BLUE ISLAND
LAKE MICHIGAN
FULTON
MORRISON
STERLING
DIXON
WHITESIDE
ROCK FALLS
LEE
PLANO
KENDALL
JOLIET
MENDOTA
LA SALLE
CHICAGO HEIGHTS
WILL
OTTAWA
GRUNDY
WILMINGTON
STREATOR
KANKAKEE
LACON
MARSHALL
LIVINGSTON
Mississippi River
Rock River
Outline Map of
NORTHERN ILLINOIS
Showing Territory in which
ILLINOIS NORTHERN UTILITIES CO.
AND
PUBLIC SERVICE COMPANY OF
NORTHERN ILLINOIS
OPERATE
Illinois Northern Utilities Company
Public Service Co. of Northern Illinois
MAP OF TERRITORY SERVED
BY THE
ILLINOIS NORTHERN
UTILITIES COMPANY.
GENERATING STATIONS
HYDRO-ELECTRIC
GAS PLANTS
ARTIFICIAL ICE PLANTS
HOT WATER HEAT
TRANSMISSION LINES
GAS LINES
INTERURBAN LINES
TOWNS SERVED
FORRESTON
LEAF RIVER
BYRON
STILLMAN VALLEY
MONROE CENTER
FAIRDALE
HENRIETTA
HAMPSHIRE
ADELINE
DAVIS JC.
KIRKLAND
KINGSTON
GENOA
MT. MORRIS
POLO
CHANA
ASHTON
FRANKLIN GROVE
HINCKLEY
UNION GROVE
NELSON
LEE CENTER
AMBOY
SHAW
WEST BROOKLYN
COMPTON
PAW PAW
SANDWICH
DENROCK
LYNDON
PROPHETSTOWN
ERIE
TAMPICO
SUBLETTE
LELAND
SOMONAUK
EARLVILLE
ROCK ISLAND
HENRY
BUREAU
5-'12
Rand-McNally & Co., Chicago.



MAP
SHOWING TERRITORY SERVED
BY THE
**CENTRAL ILLINOIS
PUBLIC SERVICE COMPANY**

Total permanent and long term investments	$66,200,994	$75,379,050	$84,407,700	$108,194,296
Working assets:				
Cash and deposits	$ 512,298	$ 603,048	$ 640,086	$ 595,285
Marketable securities	2,989	504,789	530	382
Bills receivable	501,457	1,546	110	506
Accounts receivable	890,698	1,153,602	3,655,160	4,138,478
Materials and supplies	415,128	772,362	838,237	1,060,410
Total working assets	$ 2,232,570	$ 3,035,347	$ 5,134,123	$ 5,795,061
Accrued income not due	$ 1,532	$ 4,470	$ 853	$ 1,778
Deferred debits	150,877	170,496	382,526	420,575
Total assets	$68,675,973	$78,589,363	$89,925,202	$114,411,710
LIABILITIES				
Capital stock	$30,000,000	$36,000,000	$40,000,000	$ 40,000,000
Premium on capital stock	2,486	2,911	2,911	2,911
Funded debt	19,176,417	19,092,500	19,039,000	35,087,179
Advances from System Corp.	....	....	1,272,231	4,000,000
Working liabilities:				
Bills payable	5,500	2,005,500	....	2,250,000
Accounts payable	1,916,930	1,806,400	2,610,267	3,355,741
Total working liabilities	$ 1,922,430	$ 3,811,900	$ 2,610,267	$ 5,605,741
Accrued liabilities not due	$ 1,710,648	$ 1,664,442	$ 2,097,033	$ 2,599,934
Deferred credit items:				
Un'x't'g prem. on debt	$ 41,463	$ 35,486	$ 23,514	$ 1,911
Ins. and cas. reserves	381,572	383,399	394,611	382,517
Employees' ben'fit f'nd	500,000	500,000	500,000	500,000
Other deferred items	1,460	18,359	204	69,041
Total deferred credit items	$ 924,495	$ 937,244	$ 918,329	$ 953,469
Reserve for accr'd deprec.	12,340,104	14,918,716	21,728,473	25,530,653
Approp. surplus	104,000	105,000	107,000	1,843
Surplus	2,495,393	2,056,650	2,149,958	629,980
Total liabilities	$68,675,973	$78,589,363	$89,925,202	$114,411,710

A fairly comprehensive view of the growth of the Chicago Telephone Company may be had from the following table:

Years ended December 31.

	1915	1916	1917	1919	1920
No. of exchanges	154	155	154	175	233
No. of exchange telephones	504,125	560,083	594,054	675,836	822,774
Total miles wire	1,489,544	1,620,215	1,815,802	1,922,971	2,306,342
Capital stock	27,000,000	30,000,000	36,000,000	40,000,000	40,000,000
Bonds*	19,233,417	19,176,417	19,092,500	19,039,000	19,557,000

*In 1913 this item includes $3,500 real estate mortgages; in 1914, $36,950; in 1915, $221,417; in 1916, $164,417; in 1917, $82,500; in 1919, $30,000; in 1920, $33,000.

Directors: W. R. Abbott, Edgar S. Bloom, D. R. Forgan, Chauncey Keep, D. Mark Cummings, John J. Mitchell, Marvin Hughitt, H. B. Thayer, B. E. Sunny, W. H. Miner, Theodore W. Robinson.

Officers: President B. E. Sunny; vice-president, Edgar S. Bloom; vice-president and general manager, W. R. Abbott; vice-president, B. S. Garvey; secretary, E. G. Drew; treasurer, W. J. Boyd; general auditor, U. F. Cleveland.

Annual Meeting: Second Wednesday in February.

Illinois Northern Utilities Co.

This company was incorporated under the laws of the state of Illinois on July 31, 1916, as the result of the consolidation of the Illinois Northern Utilities Company (Organized in April, 1912), Freeport Railway & Light Company and the Tri-County Light & Power Company, all Illinois corporations. It has acquired and now owns in fee all the properties formerly belonging to twenty-nine separately operated companies, of which some of the more important are:

Belvidere Gas & Electric Company.
Sterling Gas & Electric Company.
Oregon Power Company.
Mendota Light & Heat Company.
Lee County Lighting Company.
DeKalb County Gas Company.
Morrison Gas & Electric Company.
Plano Heat, Light & Power Company.
Freeport Railway & Light Company.

In addition the company operates the Sterling, Dixon & Eastern Electric Railway Company, owning its entire issue of stocks and bonds.

The company operates in 16 counties, in the western half of northern Illinois, and serves 71 communities. The territory served by the company adjoins on the west the territory served by the Public Service Company of Northern Illinois. It supplies gas and electricity for light, heat and power; and operates street and interurban electric railways.

Gas plants are maintained and operated in the cities of DeKalb, Sterling, Geneseo, Mendota, Belvidere, Dixon and Morrison; gas is also distributed in Rock Falls and Sycamore, making a total of nine cities served with a combined estimated population of 50,000.

Electric Department: Seventy-one communities with a combined population of 135,000 are served with electricity; among the principal cities in which current is distributed are Sterling, Freeport, Aledo, Dixon, Belvidere, Oregon, Mendota, Morrison, Fulton, Harvard and Geneseo.

The company produces a considerable amount of power at the hydro-electric station of the Rock River Light and Power Company at Sterling which it operates under a long term lease. This and the company's other hydro-electric plants located at Dixon, Oregon and Freeport enable it to produce a large amount of energy at a low cost.

Railway Department: The Sterling, Dixon & Eastern Electric Railway, which is controlled, operates the street railway systems in Sterling and Dixon, and an interurban line connecting these two cities. Total mileage of the first track operated is 18.33, of which city lines comprise 6.69 miles and the interurban line 11.64 miles.

Following is the income account for the calendar year ended Dec. 31, 1920, earnings of Sterling, Dixon & Eastern Electric Railway Company included:

INCOME ACCOUNT

Gross earnings, including merchandise sales		$1,875,895.47
Operating expenses, including taxes		1,307,925.77
Net earnings		$ 567,969.70
Less:		
Interest on bonds	$293,616.43	
Interest on notes and accounts	32,489.28	
Water power rental	40,007.79	
Amortization of bond discount	8,953.39	
		$ 375,066.89
Net income for the year		$ 192,902.81
SURPLUS		
Balance, January 1, 1920		$ 108,108.99
Net income for year ending December 31, 1920		192,902.81
		$ 301,011.80
Dividends paid—preferred stock		130,700.59
Surplus, December 31, 1920		$ 170,311.21

Capital Stock: Preferred 6 per cent cumulative, authorized $9,750,000, outstanding $2,839,200; second preferred 6 per cent, authorized $250,000, outstanding $250,000; common, authorized $10,000,000, outstanding $4,635,000; total $7,724,200.

Bonds:

Illinois Northern Utilities Company First and Refunding Mortgage 5% gold bonds, dated April 1, 1912, due April 1, 1957. Interest payable semi-annually April 1 and October 1. Redeemable at 105 and interest on 60 days' notice. Certified and outstanding	$5,235,000

UNDERLYING LIENS—AS OF DECEMBER 31, 1920

DeKalb County Gas Company First Mortgage 5% gold bonds, dated January 1, 1902, due January 1, 1927. Interest payable semi-annually, January and July 1	$ 199,500
Sterling Gas & Electric Light Company 25-Year 5% gold bonds, dated June 1, 1902, due June 1, 1927. Interest payable semi-annually, June and December 1	249,500
Amboy Light & Power Company 6% bonds, dated May 10, 1907, due serially. Interest payable semi-annually, May 10 and November 10	1,400
Freeport Railway, Light & Power Company 5% First Mortgage gold bonds, dated May 1, 1903, due $5,000 annually until 1921, the remainder due in 1922. Interest payable semi-annually May and November 1	271,000
Freeport Railway & Light Company First and Consolidated Mortgage 5% gold bonds, dated November 1, 1910, due November 1, 1935. Interest payable semi-annually May 1 and November 1	140,000
Tri-County Light & Power Company 6% first and refunding 40 year gold bonds, dated November 15, 1912, due November 15, 1952. Interest payable semi-annually May and November 15	40,000
Total funded debt	$6,136,400

Dividends, on preferred, 1½% quarterly—paid to date.

Directors: Samuel Insull, Martin J. Insull, Walter S. Brewster, William A. Fox, John H. Gulick, E. D. Alexander, George W. Hamilton.

Officers: President, Samuel Insull; vice-president, E. D. Alexander; secretary and treasurer, John H. Gulick; assistant secretary and assistant treasurer, J. A. O'Connell; auditor, L. E. Jacobson; assistant to the vice-president, Eustace J. Knight.

General Offices: Dixon, Ill.

Annual Meeting: Last Monday in February.

Iowa Gas & Electric Co.

The Iowa Gas and Electric Company owns and operates under favorable franchises, the gas and electric business in Washington, Iowa, and the gas business in Mount Pleasant, Iowa. In addition, the company owns and operates by 156 miles of modern transmission lines from its central power station, the electric light and power business in fourteen adjacent towns. The total population served is approximately 21,000.

Capital—Common stock, authorized, $400,000; outstanding, $282,700; preferred, authorized, $200,000; outstanding $199,000.

Bonds—$800,000 first mortgage 6 per cent serial gold bonds, dated July 1, 1916, due serially July 1, 1918-1934. Interest January, July. There have been issued $548,000, and the unissued balance of the bonds may be issued for 80% of the actual cost of permanent additions and improvements, and then only when the net earnings for the preceding twelve months have been at least twice the interest charges on all bonds outstanding, including those proposed to be issued.

EARNINGS—YEAR ENDED OCTOBER 31

	1921	1920
Gross earnings	$254,925	$212,895
Operating expenses, maintenance taxes, etc.	145,933	126,504
Net earnings	$108,992	$ 86,391
*Interest on $671,000—1st 6s	40,260	......
Surplus	$ 68,732	......

*Of the above bonds, $5,600 are held alive in the sinking fund. By serial payment, $2,000—1st 6s were paid July 1, 1921, making a total of $8,000 retired to date.

Illinois Traction Company

Incorporated in Manie in 1904, with perpetual charter, as a holding company. Owns, through subsidiaries, extensive system of electric railways and other public utilities. The company's interurban lines extend from Peoria to St. Louis, Missouri, with branches from Mackinaw, via Bloomington, to Decatur; from Springfield east to Danville, etc. Through the St. Louis Electric Bridge Co. and St. Louis Electric Terminal Co., both subsidiaries, the system enters into St. Louis, Mo. The principal component properties are:

Atchison (Kas.) Railway, Light, & Power Co., Bloomington, Decatur & Champaign R. R., Bloomington & Normal Ry. & Light Co., Cairo City Gas Co., Cairo Electric & Traction Co., Cairo Railway & Light Co., Central Lighting Co., Chicago, Ottawa & Peoria Ry. Co., Citizens Lighting Co., LaSalle and Peru, Ill.; Citizens Pure Ice Co., Jacksonville, Ill.; Clinton (Ill.) Gas & Electric Co., Colfax (Ia.) Electric Light Co., Consumers Water & Light Co., of Marseilles, Ill.; Danville, Champaign & Decatur Ry. & Light Co., Danville & Eastern Illinois Ry., Danville & Northern R. R. Co., Danville & Southeastern Ry. Co., Danville Street Ry. & Light Co., Danville, Urbana & Champaign Ry. Co., Decatur (Ill.) Ry. & Light Co., Des Moines & Central Iowa Electric Ry. Co., Galesburg Artificial Ice Co., Galesburg (Ill.) Ry., Lighting & Power Co., Galva Electric Light Co., Jacksonville (Ill.) Ry. & Light Co., Jefferson City Bridge & Transit Co., Jefferson City (Mo.) Light, Heat & Power Co., Madison County Light & Power Co., Mills County Power Co., Montezuma (Ia.) Electric Light, Power & Heating Co., Monticello (Ill.) Electric Light Co., Mound City (Ill.) Light & Water Co., New Valley Jct. (Ia.) Water & Light Co., Northern Illinois Light & Traction Co., North Missouri Light & Power Co., Omaha & Lincoln Railway & Light Co., Oskaloosa & Buxton Electric Ry. Co., Oskaloosa Light & Fuel Co., Oskaloosa Traction & Light Co., Peoples Traction Co., Peoria Railway Co., Quincy Railway Co., St. Louis Electric Bridge Co., St. Louis Electric Terminal Railway, St. Louis, Springfield & Peoria R. R., Topeka (Kas.) Edison Co., Topeka Railway Co., Topeka Railway & Light Co., Urbana & Champaign Ry., Gas & Electric Co., Urbana (Ill.) Light, Heat & Power Co., Western Railways & Light Co., Wichita (Kas.) R. R. & Light Co.

Included in the subsidiaries named are those properties formerly controlled by the Western Railway & Light Co., the common stock of which has practically all been exchanged for common stock of Illinois Traction Co.; the preferred stock of Western Railways & Light Co., amounting to $3,169,000, is still outstanding.

The Illinois Traction Co., through its various subsidiaries, operates in the states of Illinois, Iowa, Kansas and Missouri, serving more than 60 communities with one or more classes of public utility service, viz.: electric light and power, street and interurban railway, gas, heating and water. The company operates sleeping cars and parlor-car service between Peoria and St. Louis and heavy through freight trains are in operation to and from terminals in St. Louis, Decatur, Springfield, etc. Total railway mileage, 665 miles; No. of cars 1,378.

Capital—Authorized, $10,000,000 6 per cent cumulative preferred and $15,000,000 common. Issued, $7,289,500 preferred and $12,331,000 common. Additional preferred issuable only when net earnings equal 9 per cent on preferred outstanding and to be issued.

Dividends—Preferred, 6 per cent per annum, Jan., April, July and Oct. 1, single organization. Common: None since Feb. 15, 1918; 3 per cent per annum, Feb., May, Aug. and Nov. 15, from May 15, 1913, to Feb. 15, 1918; initial payment of 3 per cent was made May 15, 1913.

Funded Debt—$2,000,000 5 per cent debentures, dated Feb. 1, 1915; due Feb. 1, 1925. Authorized, $2,000,000. Callable at par and interest.

$1,000,000 5 per cent debentures, dated Feb. 1, 1915; due Feb. 1, 1925. Authorized, $1,000,000. Callable at par and interest.

$1,500,000 5 per cent debentures, dated Jan. 1, 1916; due Jan. 1, 1926. Authorized, $1,500,000.

$62,000 5 per cent debentures, dated April 1, 1917; due April 1, 1927. Authorized, $2,000,000.

In addition to the direct obligations, as above, the Illinois Traction Co. has assumed $64,566,500 of underlying bonds and $13,372,500 of preferred stocks in the hands of the public.

Earnings—Year Ended Dec. 31:

Gross Revenues:	1920	1919	1918	1917	1916
Interurban Lines	$ 7,175,660	$5,930,523	$4,740,079	$4,609,896	$3,993,836
City Lines	4,673,948	3,997,348	3,351,256	3,198,056	3,110,811
Gas	1,248,665	1,074,947	1,282,104	1,035,169	923,642
Electricity	6,977,211	5,733,746	4,887,743	4,295,501	3,689,852
Heat	529,074	487,531	412,779	383,092	341,380
Water	17,857	15,815	15,636	15,152	14,476
Miscellaneous	728,411	516,671	571,406	504,004	492,450
Total Gross Earnings	$21,350,830	$17,756,583	$15,261,003	$14,040,870	$12,566,447
Expenses and Taxes	15,496,601	12,544,180	10,966,998	9,149,176	7,489,797
Net Operating Revenue	$ 5,854,228	$5,212,403	$4,294,005	$4,891,694	$5,076,650
Interest on Bonds	$ 3,270,582	$3,134,254	$3,125,759	$3,719,541	$3,603,417
Depreciation	1,001,338	627,729	611,159	650,704	505,565
Balance for Dividends	811,861	570,123	Def. 43,688	941,987	967,667
Pref. Dividends	437,370	437,370	437,370	432,750	428,130
Common Divs.	......	......	92,480	368,732	367,584
Bond Discount	107,108	115,025	92,124	82,140	65,283
Surplus for Yr.	167,383	17,728	Def. 665,862	58,364	106,670
Surplus Forwd.	1,078,074	1,060,346	1,726,008	1,667,644	1,700,607
Total Surplus (Adjusted)	1,245,457	1,078,074	1,060,346	1,726,008	1,667,644

Officers—Pres., Wm. B. McKinley; V. P., Executive and Gen. Mgr., H. E. Chubbuck; Vice-Pres. and Treas., G. M. Mattis; Sec., T. B. McCauley; Asst. Treas., G. R. McComb; Asst. Gen. Mgr., Interurban Line, C. F. Handshy; Asst. Gen. Mgr. Kansas Properties, A. M. Patten; Asst. to V. P. Executive, E. W. Fowler; Compt., J. M. C. Horn; Gen. Aud., B. E. Bramble; Purchasing Agt., H. J. Vance.

Directors—W. B. McKinley, Geo. M. Mattis, T. B. McCauley, J. R. Dougall, Abner Kingham, S. H. Ewing, Edward Woodman.

General Offices, Champaign, Ill.

The Kansas City Railway Co.

Incorporated in Missouri June 6, 1914; on Feb. 15, 1916, took over the street railway properties (307 miles of single track equivalent), formerly owned by the Kansas City Railway & Light Co., the electric light and heating systems of the latter having been acquired by the Kansas City Light & Power Co. Owns all the property, rights, franchises and privileges of former Metropolitan Street Ry. Co., Kansas City Elevated Railway Co. and Kansas City & Westport Belt Railway Co. Thus, the Kansas City Railways Co. owns and operates the entire street railway system serving the cities of Kansas City and Independence, Mo., and Kansas City and Rosedale, Kan., the combined populating approximately 400,000.

Franchises.—In June, 1914, the city council of Kansas City (Mo.) passed a 30-year franchise, which was approved at a popular election July 7, 1914. This franchise fixes the

capital value of the property in Missouri at $25,648,806, plus capital additions after June 1, 1913. On this amount the company is allowed to earn 6% per annum, cumulative, any balance of earnings, after first applying $6,148,806 of surplus earnings to additions and extensions, to be credited two-thirds to the city and one-third to the company. Fares (unless reduced at the expense of the city's share of the surplus income) are fixed at 5 cents for adults and 2½ cents for children 8 to 12 years old. The city reserves the right to purchase the properties in Missouri at or before expiration of the franchise on the basis of agreed valuation, as above, plus subsequent additions. Operation of the properties is under the supervision of the board of control, consisting of Philip J. Kealy for the Railways Company and Robt. P. Woods for the city; the city is also privileged to nominate 5 of the 11 directors. Valuation placed on the properties in Missouri and Kansas as of April 30, 1918, $35,362,435. All payments made by the city in reduction of capital value must be applied to retirement of the first mortgage bonds.

The Missouri Public Service Commission granted fare increases as follows: July 15, 1918, from 5 cents to 6 cents; Aug. 20, 1919, from 6 cents to 7 cents; Dec. 14, 1919, from 7 cents to 8 cents; cash fare, 2 tickets for 15 cents or 5 tickets for 35 cents.

Capital.—Nominal capital of $100,000 represented by Participation Certificates of no specified par value. Certificates authorized are as follows: 62,716.7 shares of Pfd. and 63,620.5 shares of Common.

Dividends.—Pfd.: None paid since Oct. 1, 1917; $5 per share per annum, paid semi-annually April and Oct. 1, from Oct. 2, 1916, to Oct. 1, 1917, inclusive. Common: None to date.

Funded Debt

$15,917,400 1st Mortgage 5s, dated July 1, 1915; due July 7, 1944. Interest, Jan. and July 1. Any part callable at 103 and int. on 60 days' notice. Secured by first mortgage on all properties of the company. Of these first mortgage bonds outstanding, $10,150,200 were issued to retire securities of predecessor companies and $1,767,200 to retire Receivers' Certificates, the company's three years' notes, reorganized requirements and for capital improvements. In addition to the $15,917,400 outstanding $11,360,000 are deposited as security for payment of 6% and 7% notes shown below. Additional bonds issuable, with interest at not to exceed 6%, for capital expenditures $1,000 of bonds for each $1,000 expended, with an additional $100 to be expended in cash or out of surplus income credited to the city for like purpose, for each $1,000 of bonds so issued. Interest in default since Jan. 1, 1920.

$5,290.400 2d Mortgage Bonds, dated July 1, 1915; due July 7, 1944. Interest Jan. and July 1. This issue is divided into Series A 6%, $4,290,400; Series B 5%, $1,000,000. Sinking Fund, $105,820 annually from net earnings, beginning Jan. 1, 1916, is expected to retire the issue by maturity. Callable at 103 and int. Interest on 1st and 2d mortgage bonds in default since Jan. 1, 1920.

$354,765 Car Trust Notes.

$126,534 Special Deferred 6% Securities, due July 7, 1944, issued at par in exchange for approved injury and damage claims inferior to the old bonds, but superior to the stock.

$25,250 5% and 6% Mortgage Notes assumed on Purchase Property, due July 15, 1920, to Nov. 25, 1923.

The following is the comparative income statement for the fiscal years ending June 30:

	1920	1919	1918
Revenue from transportation	$ 8,697,672	$ 6,414,148	$ 6,622,706
Revenue from other operations	112,487	92,876	104,892
Revenue from power	1,492,465	1,506,473	1,432,561
Miscellaneous income—joint	29,667	15,101	12,244
Gross earnings	$10,332,290	$ 8,028,598	$ 8,172,404
Operating Expenses:			
Maintenance—			
Way and structures	$ 718,740	$ 530,366	$ 547,161
Equipment	1,134,674	992,233	496,518
Power plant and buildings	314,424	307,671	247,481
Power—Operating	1,121,029	1,039,490	1,024,584
Conducting transportation	3,391,035	2,916,026	1,985,609
Traffic	16,117	1,722	7,091
Board of control	29,771	32,092	26,578
Injuries and damages after July 8, 1914	738,556	450,875	519,392
General and miscellaneous	632,362	458,501	510,795
Total operating expenses	$ 8,096,709	$ 6,658,976	$ 5,365,213
Taxes	582,983	515,460	517,125
Auxiliary operations—power	1,265,448	1,363,502	1,159,183
Total operating expenses and taxes	$ 9,945,140	$ 8,537,938	$ 7,041,521
Operating income	$ 387,151	*$ 509,339	1,130,882
Interest on joint net operating deficit	24	13,388	....
Net operating income	$ 387,126	$ 522,727	$ 1,130,882
Miscellaneous income—company	4,710	17,411	17,351
Company's share of income	$ 391,837	$ 505,316	$ 1,148,234
Company's income:			
Net income from Mo. properties	$ 459,589	*$ 324,238	$ 1,003,139
Net income from Kansas properties	*72,462	*198,489	127,743
Income from unfunded securities and accounts	*1,765	1,250	756
Bond exchange fees	16	8	14
Discount on bonds purchased for sinking fund, etc.	6,459	16,158	16,581
Deductions from company's income:			
Bond interest and note interest	$ 1,863,822	$ 1,709,547	$ 1,482,648
Bond discount and expenses	155,479	161,547	$ 33,313
Services of registrars and trustees	....	2,866	4,313
Interest on Kansas injury and damage certificates	1,877	1,923	6,943
Interest on Missouri injury and damage certificates	5,717	6,906	35,099
Cash payments on Kansas injuries and damages	2,422	1,009	5,026
Miscellaneous expenses	3,982	2,001	19,908
Total deductions	$ 2,033,300	$ 1,885,798	$ 1,587,253
Net income	*$1,641,463	$ 2,391,115	*$ 439,019

*Deficit.

Officers.—Robert J. Dunham, Chairman of the Board; Philip J. Kealey, Pres.; F. G. Buffe, Gen. Mgr.; J. A. Harder, Sec. and Treas.; L. M. Boschert, Asst. Sec. and Asst. Treas.; Neal S. Doran, Auditor; R. J. Higgins, Gen. Counsel.

Directors.—Robert J. Dunham, Philip J. Kealey, C. W. Armour, George S. Hovey, W. T. Kemper, John H. Wiles, D. M. Pinkerton, F. C. Niles, John W. Wagner, Frank Hagerman, P. W. Goebel.

General Office, Kansas City, Mo.

Middle West Utilities Company

This company was incorporated in Delaware in May, 1912. It is a holding company, organized to acquire and develop public utility properties in various states. The policy has been to take over properties in the smaller towns and cities and serve a large number of such communities from a few central generating stations. The communities served in different states with one or more classes of public utility service, including electric light and power, gas, heating, ice, transportation and water, as of October 31, 1921, were as follows:

Location of Properties	No. Communities Served	Population
Illinois	262	493,700
Indiana	41	165,200
New England	47	120,000
Kentucky	39	97,900
Oklahoma and Texas	37	251,200
Missouri	10	24,200
Michigan	21	61,700
Wisconsin	45	70,000
Virginia	5	6,500
Nebraska	15	36,900
Tennessee	1	19,600
Total	523	1,346,900

The properties are operated by 22 subsidiary companies, the common stocks of which are either in their entirety or in a large majority owned by the Middle West Utilities Company. The principal subsidiaries are as follows:

Illinois Northern Utilities Company.
Central Illinois Public Service Company.
Central Power Company.
Missouri Gas & Electric Service Company.
Public Service Company of Oklahoma.
Chickasha Gas & Electric Company.
Nebraska City Utilities Company.
Interstate Public Service Company.
Southern Indiana Power Company.
Kentucky Utilities Company.
Electric Transmission Company of Virginia.
Twin State Gas & Electric Company.
Michigan Gas & Electric Company.
Southern Wisconsin Electric Company.
American Public Service Company.
North West Utilities Company.

The subsidiaries are financed through the sale of securities on the respective properties.

Capital—Authorized, $20,000,000 of 7% cumulative prior lien stock, $20,000,000 of cumulative preferred stock and 200,000 shares of common stock without par value. Outstanding, $8,000,000 prior lien, $15,564,720 preferred and 144,961 shares of common. A merger and consolidation of the Middle West Utilities Company and Middle West Securities Company was effected on June 15, 1920, the new company retaining the name of Middle West Utilities Company. As provided in the agreement of merger and consolidation, new preferred stock was exchanged for the old preferred stock of Middle West Utilities Company on the basis of $120 par value of the new stock for $100 par value of the old stock. New common stock (without par value) was exchanged share for share for the old common stock of the Middle West Utilities Company. Dividend rate of the new prefered stock, 3% for the first year from June 15, 1920, 4% for the second year, 5% for the third year, 6% for the fourth year, and 7% for the fifth year and thereafter.

Dividends—Prior Lien: 7 per cent per annum March, June, September and December 15 from September 15, 1920, to December 15, 1921. Preferred: 6% per annum on the old preferred stock regularly from organization of the company to June 1, 1918. The payment made June 1, 1918, was in 10-year 6 per cent interest bearing certificates. On May 14, 1921, 1½% and on November 15, 1921, 1½% was paid on the new preferred stock. Common: none paid since April 1, 1918; regular dividends of $2.00 per share per annum, payable 50c each quarter, January, April, July and October 1, were paid April 1, 1917, to April 1, 1918, inclusive. Extra stock dividends were paid on the common, 1 per cent each, April 1, 1917, October 1, 1917, and April 1, 1918.

Funded Debt—$9,412,500 collateral 6 per cent bonds, dated Jan. 1, 1915; due Jan. 1, 1925. Interest paid April and October 1. Callable at 102½ and interest to April 1, 1922, and at 101½ and interest thereafter on 60 days' notice. Authorized amount limited to 75 per cent of outstanding capital stock. Holders of this issue may exchange bonds, par for par, for any subsequent issue. Secured by subsidiary company bonds which must always be equal in face value to the amount of the bonds outstanding.

$2,467,000 5-year 7 per cent convertible gold notes due March 1, 1924. Secured by deposit of stocks of subsidiaries of the par value of $3,000,000 and 7,500 shares of common stock of the Middle West Utilities Company.

$300,000 3-year 6 per cent collateral gold notes due March 1, 1922. Secured by deposit of bonds, notes, debentures and stock of subsidiaries of the par value of $489,300.

$6,475,000 8 per cent secured gold notes, of which $2,500,000 dated Sept. 1, 1920, due Sept. 1, 1935, $2,475,000 dated Dec. 1, 1920, due Dec. 1, 1940, and $1,500,000 dated July 1, 1921, due July 1, 1941. Secured by bonds of subsidiary companies in par amount of $10,778,500.

$1,112,900 collateral loans secured by deposit of bonds and preferred stocks of the company and its subsidiaries.

Deferred Payments on Purchase Contracts—The balance sheet of the company at December 31, 1920, shows this account to be $836,784.12. At that date the company owned $57,108.84 of "Participation Certificates" issued under one of the purchase contracts, so that the balance of the account outstanding was $779,675.28, payable over the next four years as follows:

1921	$416,841.62
1922	241,290.00
1923	140,463.00
1924	38,189.50
Total as per Balance Sheet	$836,784.12
Less "Participation Certificates" maturing from 1921 to 1924 purchased by the company and now carried in the "Securities, etc." account	57,108.84
	$779,675.28

Ten-Year 6 Per Cent Collateral Gold Bonds

This issue of bonds is secured by bonds of subsidiary companies deposited with the trustee in such amounts that the principal of the bonds pledged and the interest thereon shall always be at least equal to the principal of the collateral bonds outstanding and the interest thereon. In addition, the trust deed provides for the deposit with the trustee of the majority of the voting stock of each subsidiary company, any of whose bonds are pledged.

Three-Year 6 Per Cen Collateral Gold Notes

These notes, issued in series, bear 6 per cent interest and are secured by mortgage bonds, collateral trust notes and debentures of public service corporations in the aggregate amount of 120 per cent of the par value of all notes outstanding. Of the collateral pledged the indenture requires that mortgage bonds must comprise an amount not less than the principal amount of notes outstanding under the indenture. The balance of these notes outstanding is $300,000, maturing March 1, 1922.

Five-Year 7 Per Cent Convertible Gold Notes

All of the notes issuable under this indenture have been certified. The amount outstanding is $2,467,000, maturing March 1, 1924.

Secured Gold Notes

As of September 1, 1920, the company executed an indenture covering the issuance from time to time of secured gold notes of the company. This indenture provides for the issuance of various series at such terms and for such amounts as may be authorized by the Board of Directors, including rate of interest, maturity, collateral required, redemption provisions, etc., provided, however, that all notes of the same series shall bear the same rate of interest and have the same maturity. Series "A" notes issued under this indenture mature September 1, 1935, series "B" December 1, 1940, and series "C" July 1, 1941, all of which bear interest at 8 per cent.

The following table shows the remarkable growth of the Middle West Utilities Company since 1916:

	1916	1917	1918	1919	1920	1921
Number of communities served	368	404	438	476	489	523
El. lt. and power	363	395	427	465	478	512
Gas	35	41	44	47	50	50
Heating	16	17	17	28	18	·9
Ice	30	34	51	47	47	47
Railways	20	20	17	18	19	19
Water	23	25	27	17	29	30
Population served	957,800	1,064,600	1,208,800	1,297,150	1,309,900	1,346,900
Number of elec-customers	122,447	141,321	158,000	178,875	208,829	245,829
Number of gas customers	39,154	45,320	47,500	50,022	53,211	55,609

The following statistics of the subsidiary operating companies will be of interest:

Employes	4,916
Annual Payroll	$ 6,272,083
Population	1,346,900
Customers:	
Electric	245,829
Gas	55,609
Water	25,840
Total	327,278
Income:	
Electric, gross	$14,543,822
Gas, gross	1,930,278
Water, gross	617,455
Ice, gross	2,015,336
Heat, gross	167,272
Railway	2,508,109

EARNINGS

All Properties:	Eight Mos. Ended Dec. 31, 1920†	Year Ended April 30: 1920	1919	1918
Gross earnings	$15,919,664	$19,362,674	$14,641,035	$12,157,122
Operating expenses and taxes	11,958,816	14,044,165	10,500,463	8,562,690
Net earnings	$ 3,960,848	$ 5,318,507	$ 4,140,572	$ 3,594,432
Rentals on leased properties	177,569	305,193	258,230	222,909
Balance	$ 3,783,279	$ 5,013,314	$ 3,882,342	$ 3,371,523
Proportion of net earnings accruing to Middle West Utilities Co. from construction and operating companies not previously reported	134,938	118,452	....	76,575
Total	$ 3,918,217	$ 5,131,766	$ 3,882,342	$ 3,448,098
Bond, debenture, and other interest paid to outside holders	1,839,817	2,410,572	1,983,174	1,715,190

Amortization of discount on outstanding securities	106,260	142,439	85,017	77,167
Dividends on stock and proportion of undistributed earnings to outside holders	343,160	400,882	420,478	389,971
Total	$ 1,628,980	$ 2,177,873	$ 1,393,673	$ 1,265,770
Income:				
Int. received and accrued on bonds and debentures	$ 699,951	$ 1,241,210	$ 818,236	$ 692,662
Div. received and accrued on stocks of subsidiaries	512,283	730,487	293,475	393,812
Divs. received and accrued on stocks of outside companies	27,774	26,536	23,818	10,146
Sundry interest and notes receivable, brokerage, etc.	292,592	21,090	264,895	223,203
Profits from sale of properties and securities where proceeds have been realized in cash	12,556x	87,232	55,736	364,486
Profits from sale of properties and securities to subsidiaries where proceeds in bonds have not yet been sold	....	100,000	....	....
Profits from revaluation of securities hitherto carried at nominal values—determined by directors	91,667	116,896	476,100	116,654
Securities received for services rendered and valued by board of directors	....	....	1	60,661
Fees for engineering and other services to subsidiaries	124,548	140,115	77,241	93,587
Total	$ 1,716,259	$ 2,463,567	$ 2,009,503	$ 1,955,211

Expenditures

Administration exp.	$ 214,080	$ 246,555	$ 179,890	$ 194,922
Misc. charges, including taxes, etc.	1,774	19,304	17,429	43,314
Int. on collateral notes and bonds	667,362	967,151	663,636	550,939
Int. on collateral loans, etc.	187,264	159,824	234,035	124,434
Net income for year	$ 645,779	$ 1,070,643	$ 914,513	$ 1,041,602
Balance forward	*	2,172,079	1,387,566	1,546,950
Total	§	$ 3,242,722	$ 2,302,079	$ 2,588,552
Deductions — prior lien and preferred divs. paid and accr'd to date	$ 311,502	$	$ 30,000	$ 720,000
Common divs. paid and accrued to date				385,986
Appropriation toward writing off the discount on company's own securities	124,658	605,000‡	100,000	95,000
Total deductions	$ 436,160	$ 605,000§	$ 130,000	$ 1,200,986
Total surplus per general balance sheet	$ 209,619	$ 2,637,722	$ 2,172,079	$ 1,387,566

† Change of fiscal year.
x Loss.
* Company reorganized June 15, 1921.
‡ Includes $500,000 for contingencies.
§ Adjusted.

Officers—Pres., Samuel Insull; V. P., Martin J. Insull and John F. Gilchrist; Treas., Oliver E. McCormick; Sec. & Asst. Treas., E. J. Knight; Asst. Sec., R. E. McKee; Auditor, E. A. Davis; Counsel, Ralph D. Stevenson.

Directors—Frank J. Baker, E. J. Doyle, L. A. Ferguson, W. A. Fox, J. F. Gilchrist, John H. Gulick, M. J. Insull, C. A. Munroe, Britton I. Budd, E. P. Russell, M. E. Sampsell, Walter S. Brewster, Samuel Insull, L. E. Myers, E. W. Lloyd.

Subsidiaries Middle West Utilities

American Public Service Company—This company was organized October 11, 1912. Capital stock authorized $15,000,000 common and $10,000,000 7 per cent cumulative preferred. Outstanding, $1,601,600 common and $775,800 preferred.

Funded indebtedness as of December 31, 1920, $4,234,000 first lien 6 per cent gold bonds, $300,000 7 per cent serial gold notes due March 1, 1921 to 1923, and $754,200 7½ per cent collateral gold notes due in 1925.

This company's subsidiaries operate utilities in various towns in the states of Texas and Oklahoma, serving a combined population of approximately 110,000.

Central Power Company—This company was organized in December, 1914, and operates in various towns in the valley of the Platte River in Nebraska. Its principal stations are at Grand Island, Kearney and Boelus, including steam plants at Grand Island and Kearney and modern hyro-electric plants at Kearney and Boelus. Present total rated capacity of stations is 6,500 K. W. to which can be added more than 2,000 K. W. through development of hydro-electric power sites now owned. At Kearney there is also a modern gas plant, having a capacity of 200,000 cubic feet.

Central Illinois Public Service Company

During the year 1920, a third 6,250 kilowatt steam turbine together with two additional 686 h. p. boilers were installed at the Muddy Power Station, near Harrisburg. The capacity of this station is 25,000 h. p. A large impounding reservoir was constructed with a total capacity of 140,000,000 gallons. The company has 1,388 miles of high tension transmission lines.

The company issued and sold during the year 1920:

$252,400 par value of its Preferred Stock,
640,000 par value of its 1st and Refunding 5% Bonds,
456,000 par value of its General Mortgage Gold Bonds,
116,300 par value of its Collateral Gold Notes,

The proceeds from the above were used in retiring certain underlying bonds, debentures, contract notes and for the company's corporate purposes.

Earnings

Calendar Years

	1920	1919	1918	1917	1916
Gross earnings	$5,168,090	$4,113,620	$2,955,171	$2,448,051	$2,169,648
Expenses and taxes	3,842,637	2,991,265	2,083,450	1,576,393	1,320,555
Net earnings	$1,325,453	$1,174,151	$ 871,720	$ 871,658	$ 849,093
Other income	17,019	51,795	85,834	26,339	30,060
Interest charges	$ 747,432	$ 721,073	$ 957,554	$ 615,497	$ 543,758
Misc'l deductions	301,773	187,112	736,101		8,295
Preferred dividends	233,163	230,130	223,801	194,418	193,500
Common dividends			90,000	60,000	
Surplus for year	293,266	265,965		28,082	133,600
Total surplus	339,735	273,563	204,299	277,628	249,546

The total number of customers served by the Company increased by 7,503 during the year 1920. The kind of service rendered and the number of customers served is shown by the following table:

Electric	71,130
Gas	8,039
Water	6,027
Heat	869
Total	86,065

Chickasha Gas & Electric Company

The company operates electric and gas utilities in Chickasha, Oklahoma, and also serves with electricity Ninnekah and Verden, Oklahoma. Following is statement of earnings and expenses for the year ended December 31, 1920:

Gross earnings	$188,835
Operating expenses, including taxes	134,224
Net earnings	$ 54,611

Illinois Northern Utilities Company

This company was formed under the laws of Illinois, July 31, 1916, through the consolidation of the Illinois Northern Utilities Company, the Freeport Railway & Light Company and the Tri-County Light & Power Company, all Illinois corporations. Capital stock authorized $10,000,000 common, $9,750,000 6 per cent cumulative preferred and $250,000 non-cumulative second preferred. Outstanding, $4,635,000 comon; $2,839,200 cumulative preferred and $250,000 second preferred.

Bonded indebtedness, $5,235,000 first and refunding 5 per cent bonds, $901,400 underlying bonds.

This company operates various public utilities in seventy-one communities in the northern part of Illinois, having a combined population of 135,000. It also controls and operates the Sterling, Dixon & Eastern Electric Railway, which connects the towns of Sterling and Dixon and has a length of eighteen miles of first track.

Following is income account for the twelve months ended December 31, 1920:

Gross earnings, including merchandise sales		$1,875,895.47
Operating expenses, including taxes		1,307,925.77
Net earnings		$ 567,969.70
Less:		
Interest on bonds	$293,616.43	
Interest on notes and accounts	32,489.28	
Water power rental	40,007.79	
Amortization of bond discount	8,953.39	
		375,066.89
Net income for the year		$ 192,902.81
Surplus January 1, 1920		108,108.99
		$ 301,011.80
Dividends paid—Preferred Stock		130,700.59
Surplus December 31, 1920		$ 170,311.21

Interstate Public Service Company

During the year 1920 $232,000 of the company's first and refunding mortgage 5 per cent gold bonds and $192,700 of its 7 per cent prior lien stock were sold, the proceeds of which were used for the corporate purposes of the comany. Following are the comparative earnings:

	1920	1919	1918
Gross operating income	$2,035,197	$1,650,279	$1,405,576
Operating expenses (including taxes)	1,568,990	1,241,636	1,053,760
	$ 466,207	$ 408,643	$ 351,816
Miscellaneous income	197,497	111,637	72,051
	$ 663,704	$ 520,280	$ 423,867
Rental of leased property (I. C. & S. T. Co. lease)	138,600	138,600	138,600
Net income	$ 525,104	$ 381,680	$ 285,267

The gross income from interurban railway operation increased 13.3 per cent, and from the operation of the other utilities 30.4 per cent over the previous year.

During the year, the company acquired the physical properties of the Indiana Public Service Company operating electric, gas and water utilities in Aurora, Indiana, and of the Franklin Water, Light & Power Company doing a water, gas and electric business in the city of Franklin, Indiana.

Plans were practically completed for the consolidation of the Louisville & Southern Indiana Traction Company, Louisville & Northern Railway & Lighting Company, United Gas & Electric Company, New Albany Water Works and Central Indiana Lighting Company into the Interstate Public Service Company, which will increase the gross earnings of the latter company for the year 1921 to more than $4,000,000, which will provide sufficient earnings to care for the fixed charges of the consolidated company and leave a surplus for suitable dividends on the company's stock.

On December 31, 1920, the company had connected a total of 19,349 electric customers, an increase of 1,709 during the year.

Kentucky Utilities Company

Following is consolidated statement of earnings and expenses of the Kentucky Utilities Company, the Electric Transmission Company of Virginia and the Kentucky Light & Power Company for the year ended December 31, 1920:

Gross earnings (including merchandise sales and job work)	$1,914,514
Operating expenses (including taxes)	1,322,926
Net earnings	$ 591,588

The company completed 21 miles of high tension transmission lines during the year, making the total mileage of such lines 325.

During the year the company increased its connected load as follows:

Lighting	2,062 KW
Commercial power	940 KW
Mining power	1,240 KW
Total	4,242 KW

The company also secured additional contracts for 1300 KW of mining load, which was connected early in the year 1921.

The company now owns all the common and preferred stock of the Electric Transmission Company of Virginia and Kentucky Light & Power Company; also all of the first mortgage lien 6 per cent bonds of the Electric Transmission Company of Virginia.

During the year, the company sold $179,100 of its first mortgage lien 6 per cent gold bonds, $16,000 of general mortgage 6 per cent bonds, and $35,000 in par amount of its preferred stock, the proceeds from all of which were used for the company's corporate purposes.

Michigan Gas & Electric Company

This company was incorporated in November, 1906, as the Houghton County Gas & Coke Company. The name was changed to Michigan Gas & Electric Company in February, 1917, after the company had acquired the Marquette County Gas & Electric Company, Constantine Hydraulic Company, Three Rivers Gas Company, Three Rivers Light & Power Company and Milling & Power Company, all situated in Michigan.

Capital stock December 31, 1920, $500,000 common, $380,000 preferred, and $28,600 prior lien. Bonded indebtedness $650,600 first and refunding 5 per cent bonds, $748,000 underlying bonds.

Missouri Gas & Electric Service Company

Incorporated in 1912 in Missouri. Capital stock issued as of December 31, 1920, $245,000 common, $300,000 preferred, $150,000 7 per cent prior lien. Funded indebtedness, $201,000 first and refunding mortgage 6 per cent bonds, $276,000 underlying bonds. The company serves Lexington, Liberty, Richmond and other towns in western Missouri having a combined population of more than 24,000. It obtains the bulk of its energy from the Kansas City Power & Light Company by means of high tension transmission line.

North West Utilities Company

This company was organized on December 30, 1918, under the laws of the state of Delaware for the primary purpose of acquiring and holding the securities of companies operating public utilities properties. The principal companies controlled by it are the Wisconsin River Power Company, the Southern Wisconsin Power Company, the Wisconsin Power, Light & Heat Co., and Mineral Point Public Service Company, all located in south-central Wisconsin and interconnected with high tension transmission lines.

The main source of energy is from two hydro-electric plants, that of the Wisconsin River Power Company at Prairie du Sac and that of the Southern Wisconsin Power Company at Kilburne, the combined present capacity of which is over 50,000 h. p. These hydro-plants are capable of further development.

The North West Utilities Company has authorized $5,000,000 of preferred stock and $5,000,000 of common stock and $1,000,000 of 6 per cent serial collateral gold notes of which there are outstanding $1,200,000 preferred stock, $2,000,000 of common stock and $1,000,000 of notes.

Public Service Company of Oklahoma

Capital stock outstanding as of December 31, 1920, $2,000,500 common, $500,000 6 per cent cumulative preferred, and $108,500 7 per cent cumulative prior lien. Funded indebtedness, $2,688,000 first and refunding mortgage 5 per cent bonds, $520,500 underlying bonds and $597,000 general mortgage 6 per cent bonds.

The company was incorporated May 28, 1913, in Oklahoma and operates various public utilities in several towns, among which are Tulsa and Guthrie. The city of Tulsa is still maintaining its rapid growth and in addition to being a large oil center it is also an important distributing center for the southwest. In order to take care of the large increase in its business the Public Service Company has recently entered into a contract for electric energy with the Oklahoma Power Company (a subsidiary company of the American Public Service Company), whose 10,000 k. w. station, located three miles north of Tulsa on the Arkansas River was recently completed. In addition to its ordinary

customers for electric light and power, the company supplies the street lighting in the city of Tulsa, including a modern white way lighting system throughout the business district.

Southern Wisconsin Electric Company

The company serves Lake Geneva, Delavan and eight other communities in southeastern Wisconsin and sells energy under wholesale contract to McHenry County Light & Power Company for distribution in Richmond and Hebron, Illinois. The earnings and expenses for the year 1920 were as follows:

Gross earnings	$280,498
Operating expenses, including taxes	218,382
Net earnings	$ 62,116

Twin State Gas & Electric Company

Earnings and expenses of the company, including those of the Berwick & Salmon Falls Electric Company, for the year ended December 31, 1920, were as follows:

Gross earnings	$1,083,547
Operating expenses and taxes	716,534
Net earnings	$ 567,013

The total number of electric customers connected as of December 31, 1920, was 16,763, an increase of 2,062 for the year. The total number of gas customers on the same date was 4,361.

During the year the company issued $278,400 of its first and refunding 5 per cent bonds which were pledged as collateral to the issue of gold notes hereinafter referred to. During this period the company purchased and retired $30,000 6 per cent general mortgage bonds and $2,500 of underlying bonds.

The company issued and sold $225,300 7 per cent collateral gold notes, the proceeds of which were used for the corporate purposes of the company.

The customer ownership plan inaugurated during 1919 proved a marked success and there was sold during the year 1920 $227,300 of 7 per cent prior lien stock, chiefly to the customers of the company.

Mississippi River Power Co.

Incorporated in Maine in 1910, to own and operate hydro-electric plants. Acquired Keokuk & Hamilton Water Power Co. and all rights given latter by Act of Congress, Feb. 9, 1905, providing for construction and operation, without time limit, of a hydro-electric plant on the Mississippi River near Keokuk, Ia., about half way between Chicago and Kansas City and about 140 miles northwest of St. Louis. Substantially the entire flow of the Mississippi River can be utilized and ultimately 200,000 h. p. will be available. Operations began July 1, 1913. Present installed capacity 150,000 h. p.; in excess of 100,000 h. p. is now being delivered to customers, of which 60,000 h. p. is furnished to public utility companies of St. Louis, under 99-year contract, subject to equitable price adjustment every 10 years based on the then cost of coal. The company also supplies electric current to Atlas Portland Cement Co. at Ilasco, near Hannibal, Mo., duPont Powder Works, near Keokuk, and to numerous other commercial enterprises. Population now served, 1,123,000. The "power zone" served by this company at present extends from Burlington, Ia., to St. Louis, Mo., and includes the cities of Ft. Madison, Keokuk, Quincy, Hannibal, East St. Louis, Hamilton and Alton. Population within transmission distance, approximately 4,600,000. Under Stone & Webster management, Boston, Mass.

Capital—Authorized and issued, $6,000,000 6%. (Cum. after Jan. 1, 1915) Pfd. and $16,000,000 Common. Preferred is callable at any time at 115 and divs.

Dividends—None paid to date. Pfd. dividends (when declared) are payable Jan., Apl., July and Oct. 1.

Funded Debt—$19,075,400 1st Mtge. 5s, dated Mch. 10, 1911; due Jan. 1, 1951. Interest, Jan. and July 1. Callable at 105 and int. Authorized, $25,000,000; issued, $20,000,000, of which $1,572,900 in sinking fund, canceled; the remaining $4,351,700 unissued bonds are issuable for 80% of cost of extensions and betterments. Sinking fund, Jan. 1, 1916, and annually thereafter, 1% of face value of all bonds outstanding Sept. 1 preceding.

$750,000 Debenture 6s, dated 1914; due May 1, 1919. Extended 1921. Authorized, $10,000,000, of which $3,250,000 are in treasury and $6,000,000 unissued. The unissued debentures may bear interest at a lower rate than 6%.

Earnings:

Calendar Years:	1920	1919	1918	1917	1916
Gross Earnings	$2,827,963	$2,321,954	$2,213,391	$1,976,461	$1,737,547
Operating Expenses and Taxes	638,622	522,629	446,985	364,395	361,395
Net Earnings	$2,189,340	$1,799,324	$1,766,406	$1,612,066	$1,376,152
Int. & Amortization Charges*	1,208,255	1,230,734†	1,250,907	1,176,804	1,081,197
Bond Sinking Fund	....	....	191,909	194,753	197,289
Total Deductions	$1,208,255	$1,230,734	$1,442,816	$1,371,557	$1,278,486
Balance (for Reserves, Replacements and Divs.)	981,085	568,589	323,590	240,509	97,666

*Beginning July 1, 1917, all interest has been charged to operation. Prior to that date, $151,125 per year was charged to construction, being interest on amount expended for future development.
†Estimated.

Following are the latest earnings for 12 months ended September 30:

	1921	1920	Increase
Gross Earnings	$2,782,566.82	$2,722,387.89	$ 60,178.93
Operating Expenses and Taxes	729,682.72	577,645.84	152,036.88
Net Earnings	$2,052,884.10	$2,144,742.05	$ 91,857.95*
Interest and Amortization Charges	1,234,782.53	1,210,160.56	24,621.97
Balance (for Reserves, Replacements and Dividends)	$ 818,101.57	$ 934,581.49	$116,479.92*

*Decrease.

The consolidated balance sheet as of September 30, 1921, is as follows:

CONSOLIDATION STATEMENT FINANCIAL CONDITION
September 30, 1921

ASSETS

Property, Plant, etc	$47,590,148.87
Materials and Supplies	125,048.77
Investment Securities	805.00
Advance Payments	4,236.70
Notes Receivable	76,207.93
Accounts Receivable	276,228.87
Sinking Fund Investments	190,917.51
Suspense	43,925.35
Unamortized Debt Discount and Expense	732,585.00
Funds in Escrow	18,000.00
Cash	217,206.40
	$49,275,310.40

LIABILITIES

Common Stock	$16,000,000.00
Preferred Stock†	8,206,875.00
Bonds	19,075,400.00
Coupon Debentures	3,486,500.00
Accounts Payable	21,054.68
Accounts not yet Due	349,239.23
Suspense	54,872.28
Operating Reserves	997.26
Replacement Reserve	1,173,768.17
Preferred Dividend Reserve	43,125.00
Reserves and Surplus	863,478.78
	$49,275,310.40

OFFICERS—Pres., Harry T. Edgar; Vice-Pres., David Daly, H. L. Cooper; Treas., H. B. Sawyer; Gen. Mgrs., Stone & Webster; Sec., Edward T. Clark.

DIRECTORS—Robert Winsor, Charles A. Stone, Wm. Logan, Edwin S. Webster, Henry B. Sawyer, Hugh L. Cooper, Henry G. Bradlee, Frank W. Remick, Russell Robb, Thos. B. Gannett, E. Mackay Edgar, Harry T. Edgar, Roger W. Babson, Louis A. G. Dru. General office, Keokuk, Ia.

Montana Power Co.

Incorporated in New Jersey, December, 1912. The company is one of the largest producers of hydro-electric power in the world. It serves with electric light and power the greater part of the population of the state of Montana, including the Butte district and the most important centers of industry in that state. The completed hydro-electric plants are located on the Missouri, Madison, Big Hole, Columbia and Yellow Stone Rivers, and steam plants at Butte and Billings, Mont. Franchises are largely in perpetuity.

The company has 87 substations with aggregate installed capacity of 322,810 kilowatts with 2,028 miles of transmis-

sion lines and serves the following communities with electric light or power, or both:

Anaconda	Guthrie	Prickly Pear
Belgrade	Harlowtown	Radersburg
Belt	Havre	Reed Point
Billings	Helena	Rocker
Big Timber	Hobson	Roundup
Big Sandy	Hunters-Hot Springs	Ruby
Boulder	Iron Mountain	Sand Coulee
Box Elder	Joliet	Sheridan
Bozeman	Judith Gap	Stanford
Butte	Keating	Stockett
Carter	Laurel	Spokane Ranch
Cascade	Laurin and Alder	Sun River
Choteau	Lehigh	Thompson Falls
Clancy-Alhambra	Lewistown	Three Forks
Columbus	Livingston	Townsend
Conrad	Logan	Trident
Corbin	Manhattan	Twin Bridges
Deer Lodge	Marysville	Warm Springs
Fort Benton	Moccasin	Watters Tunnel
Fromberg	Moore	Windham
Geyser	Park City	Whitehall-Parrott
Great Falls	Phillipsburg	
Gregson	Plains	

Number of customers, 45,892 as close of last fiscal year, not including the larger mines, smelters, refineries and railroads.

Through its subsidiaries this company agrees to furnish electric power under 99-year contract to Chicago, Milwaukee & St. Paul Railway Company, to operate 438 miles of its main trans-continental lines, from Harlowtown, Mont., to Avery, Ida., which has been in full operation since early in 1917. It also furnishes power under long-term contracts for operation of Butte, Anaconda & Pacific Railway.

Capital.—Authoribed, $25,000,000 7 per cent cumulative preferred and $75,000,000 common. Issued, $9,671,800 preferred and $49,407,500 common. In treasury of Great Falls River Company, $28,200 preferred and $225,800 common. Preferred is callable at 120 and dividends and has right of subscription to any future issue of preferred stock. Of the $49,407,500 common stock issued, $46,407,500 is now entitled to share in dividend payments; the balance of the issued common stock, $3,000,000, is under voting trust and will carry dividends from June 2, 1921. The common stock has right to subscribe to any new issue of common or preferred.

Dividends.—Preferred: 7 per cent per annum, January, April, July and October 1, from April 1, 1913, to date. Common: 3 per cent, 1920; 4½ per cent, 1919; 5 per cent, 1918; 4¾ per cent, 1917; 3½ per cent, 1916; 2¼ per cent, 1915; 2 per cent, 1913-14. Special Red Cross dividends, 25 cents per share, to holder of common stock, paid July 20, 1917.

Funded Debt.—$22,328,700 first and refunding 5s, dated July 1, 1913; interest, January and July 1. Callable at 105 and interest on 4 weeks' notice. Authorized, $75,000,000, of which $11,300 are held alive in sinking fund, $3,736,000 are in treasury, $10,319,000 are reserved to retire underlying bonds, and the remainder when net earnings are 1¾ times the entire interest charges, and then only for 80 per cent of cash cost of additions, etc., to properties of this company or its subsidiaries. Cumulative sinking fund, ½ of 1 per cent annually, January 1, 1918, to 1922, inclusive, and 1¼ per cent annually thereafter. Secured by 14 hydro-electric power plants and 2 steam reserve plants, 2,028 miles of transmission lines, complete distribution systems in Butte, Great Falls, etc., and, in addition, undeveloped and party developed water powers of about 121,500 kilowatt capacity. Additional bonds of subsidiaries totaling $10,319,000 are outstanding, bringing funded indebtedness to $32,647,700.

EARNINGS—CALENDAR YEARS

	1920	1919	1918	1917
Gross earnings	$7.866,124	$6,769,013	$7,558,741	$6,905,256
Oper. expenses and taxes	2,811,737	2,450,674	2,473 563	2,023,332
net earnings	5,054,386	4,318,339	5,085,178	4,881,924
Other income	61,962	82,969	51,127	7,108
Total net earnings	5,116,349	4,401,308	5,136,305	4,889,032
Interest on bonds, etc.	1,641.540	1,656,844	1,568,337	1,491,711
Bond discount	124,319	130,650	114,660	96,574
Interest on floating debt	....	24,851	82,499	....
Total charges	1,765,860	2,112,345	2,165,496	1,938
Less charged to construction	7,234	6,668	79,386	192,680
Net charges	1,758,625	....	1,686.110	1,395,605
Net income	3,357,723	2,295,631	3,450,195	3,493,427
Depreciation	300,000	300,000	400,000	350,000
Balance for dividends	3,057,723	2,295,631	3,050,195	3,143,427
Pfd. dividends (7%)	677,026	677,026	677,026	677,026
Common dividends	1,354,725	1,673,800	1,916,208	1,654,958
Surplus for year	1,025,972	55,195*	456,961	811,443
Total surplus (adjusted)	4,283,484	3,378,282	3,602,884	3,223,410

*Deficit.

Officers.—President, John D. Ryan; vice-president, Frank M. Kerr, Alfred Jaretzki and Frederick Strauss; secretary and treasurer, Walter Dutton; assistant secretary and assistant treasurer, J. A. Briggs; assistant secretary, S. P. Hogan; assistant treasurer, Jas. F. Denison.

Directors.—John D. Ryan, Chas. H. Sabin, A. H. Wiggin, Frederick Strauss, S. Z. Mitchell, Alfred Jaretzki, Chas. Martin Clark, C. A. Coffin, Geo. F. Canfield, Wm. E. Corey, N. Penrose Hallowell, Marcus Daly, W. D. Thornton, C. J. Schmidlapp, W. S. Brayton, Fredric W. Allen, Henry Seligman, H. P. Whitney, F. M. Kerr, John C. Lalor, Walter Dutton.

New York office, 42 Broadway.

Northern Iowa Gas & Electric Co.

Inc. 1911 in West Virginia. This company does the entire electric lighting and also the power business in Humboldt, Dakota, Eagle Grove, Clarion, Forest City, Emmetsburg, Spirit Lake, Milford, Sioux Rapids, Luverne, Corwith, Kanawha and Pocahontas, Iowa, together with a number of smaller communities, tributary towns, etc.

Capital Stock—$600,000 common, authorized $400,000 7% cumulative first preferred. Outstanding common, $425,000; preferred, $257,000; par $100.

Funded Debt—$944,500 first sinking fund gold 6s dated Jan. 1, 1916, due Jan. 1, 1934. Authorized issue, $5,000,000. Additional bonds may be issued for 85% of permanent additions and improvements when net earnings for the preceding twelve months have been at least one and three-quarters times the interest on bonds outstanding and those to be issued. Subject to call on any interest date at 103 and interest. Sinking fund began May 1, 1917, 10% of gross earnings.

$161,000 three-year 8% secured notes, dated June 1, 1920, due June 1, 1923. Authorized issue, $300,000. Secured by first sinking fund gold 6s at 133% of par value of notes. Subject to call on any interest date at 102½. Indenture contains taxes free and covenant.

EARNINGS—12 MONTHS ENDED OCTOBER 31

	1921	1920
Gross earnings	$444,140	$393,956
Operating expenses	288,185	270,037
Net earnings	$155.955	$123,918
Bond interest	56,670	57,988
Balance	$ 99,285	$ 65,930

Officers—President, I. C. Elston, Jr.; Vice-Presidents, D. M. Sterns, A. M. Howes; Secretary and Treasurer, J. N. McCallum.

Directors—I. C. Elston, Jr., D. M. Sterns, A. M. Hewes, J. N. McCallum, C. G. Johnson.

Northern States Power Company

Incorporated in Delaware, December 23, 1909. This corporation owns all of the stock, except the directors' qualifying shares of Northern States Power Company of Northern Minnesota, which company operates either directly or through stock ownership public utilities in Minneapolis, Minn., and immediate suburbs; St. Paul, Minn., and suburbs; Stillwater, Minn.; Fargo, N. D.; Sioux Falls, S. D.; Galena, Ill.; and Platteville, Wis.; Grand Forks, N. D.; Minot, N. D.; Faribault, Minn.; Mankato, Minn.; and the Southwestern Minnesota division. The communities served have a total population of more than 1,000,000 and are located in a prosperous and rapidly developing territory, having abundant natural resources. The company operates in the communities served without competition except in Saint Paul, in which city electricity and steam heat are also furnished by another company. The business of the Northern States Power Company consists chiefly in the generation, transmission and distribution of electric light and power, 87 per cent of its gross and over 98 per cent of its net earnings being derived from this source. The company's system includes hydro electric generating plants, having an installed electric generating capacity of over 40,000 H. P. and steam generating plant having installed capacity of over 122,400 H. P. Supplementing its own hydro electric and steam stations the

company purchases a large amount of hydro electric power under a 30-year contract.

The last annual report of the Northern States Power Company, issued April 9, 1921, for the calendar year 1920, shows that the aggregate gross earnings of the company increased 19.47 per cent over 1919 and net earnings increased 8.49 per cent.

Among the important additions to the company's transmission and distribution lines completed in 1920 are the following:

The 110,000 volt transmission line connecting the water powers of the Wisconsin-Minnesota Light and Power Company with the Twin Cities was tapped at Long Lake, approximately thirteen miles from the Terminal Station in St. Paul, and a 110,000 volt transmission line was constructed from this point in a general southerly direction, a distance of twelve miles to South St. Paul, where a 110,000 volt substation was erected to meet the increased demands at St. Paul and South St. Paul. The substation has an initial installed capacity of 10,500 K. W.

A transmission line connecting Sioux Falls, S. D., with Pipestone, Minn., was completed.

Work raising the voltage from 33,000 volts to 67,000 volts on the transmission tie line connecting Fairbault, Mankato and the Southwestern Division with Minneapolis and St. Paul was continued, in order to secure additional capacity and to reduce transmission line losses.

Extensive additions to the underground and overhead systems in all divisions were made during the year, in order to serve new customers and to take care of the increased load of existing customers.

The distribution system at Stillwater was changed from 2,300 to 4,000 volts.

During the year the company acquired control of the Ottumwa Railway and Light Company through the purchase of the outstanding common stock. The property of this company consists of a modern and efficient electric light and power, street railway and steam system. The company serves by direct distribution Ottumwa and Agency City, Iowa, and by wholesale Batavia, Eldon, Fairfield, Lockridge and Birmingham, Iowa. By reason of the control and management of this property by Northern States Power Company, operating economies can be obtained, with resultant increase in the net earnings of the property which will accrue to the advantage of shareholders of the company.

Twenty-six towns were connected to the company's transmission and distributing system, all of which are supplied direct on a wholesale basis or are being served through companies purchasing current from the company.

Following are the comparative earnings for the years ended December 31:

	1920	1919	1918
Gross Earnings	$11,798,778.84	$9,875,934.34	$8.392,664.40
Net Earnings	4,466,938.23	4,117,312.69	3.542,974.06
Fixed Charges	2,148,470.28	1,999.055.83	1,922,713.64
Balance	2,318,467.95	2,118,256.86	1,620,260.42
Preferred Dividends	1,341,374.22	1,176,998.02	1,036,915.32
Balance Available for Amortization, Depreciation and Common Dividends	977,093.73	941,258.84	583,345.10

No dividends were paid on the common stock of the Northern States Power Company during 1920. After payment of preferred stock dividends and the setting aside of amounts necessary for depreciation and amortization, the entire balance of net income for the year was credited to surplus.

Capital—Seven per cent cumulative preferred stock, $50,000,000 authorized; outstanding December 31, 1920, $20,340,800; common authorized, $50,000,000; outstanding, $6,170,000.

Funded Debt—Twenty-five-year 5 per cent first and refunding mortgage bonds due April 1, 1941; outstanding $24,567,000; Twenty-five-year 6 per cent first and refunding mortgage gold bonds due April 1, 1941; outstanding $2,000,000; underlying bonds, 30-year 5 per cent first mortgage bonds, due Dec. 1, 1934, Minneapolis General Electric Company, $7,323,000; Southwestern Minnesota Division Bonds, $536,000; Ottumwa Railway and Light Company Bonds, $1,336,000. Total funded debt, $35,762,500. Unfunded debt, 10-year 6 per cent gold notes due April 1, 1926, $7,805,000; 5-year sinking fund convertible 7 per cent gold notes, due August 15, 1923, $1,800,000.

Officers—President, H. M. Byllesby; vice-presidents, Arthur S. Huey, Otto E. Osthoff, J. J. O'Brien, R. F. Pack, F. C. Gordon, George H. Harries; secretary and assistant treasurer, Robert J. Graf; treasurer and assistant secretary, J. J. Molyneaux; assistant secretary and assistant treasurer, Herbert List and P. A. Lehmkuhl; assistant secretary, C. C. Levis; assistant treasurer, M. A. Morrison.

Directors—H. M. Byllesby, J. H. Briggs, S. W. Childs, D. T. Flynn, Lewis B. Franklin, Robert J. Graf, Arthur S. Huey, R. G. Hunt, B. W. Lynch, M. A. Morrison, J. J. O'Brien, Otto E. Osthoff, R. F. Pack, John H. Roemer, Harold Stanley, F. W. Stehr and B. E. Sunny.

The People's Gas Light & Coke Co.

Incorporated by special perpetual charter in Illinois, 1885; charter amended 1865. In 1897 the legislature passed an act permitting consolidation of the then existing gas companies of Chicago. A number of companies have since been acquired and the company has leased the properties of the Ogden and Universal Gas companies. Owns, in addition, a controlling interest in Indiana Natural Gas & Oil Company, the securities of which it has guaranteed, in exchange for supply of natural gas. The company also owns the building in which its main offices are located. Does the entire gas business in Chicago. Owns 3,080 miles of street mains; has 699,350 meters in operation; furnishes gas for 511,109 stoves; 6,865 public lamps and 103,379 arc lamps.

Early in 1920 the public utilities commission fixed the following rates for gas:

SCHEDULE OF GAS RATES EFFECTIVE JUNE 16, 1920

Initial charge for first 400 cubic feet or less per month.

Meter size:	
3, 5 and 10 light	$0.60
20 light	.75
30 light	1.00
45 light	1.20
60 light	1.60
100 light	1.75
150 light	2.25
200 light	2.70
250 light	3.00
300 light	3.50
400 light	4.00
Primary rate to 50,000 cu. ft.	1.15 per M.
Secondary rate in excess of 50,000 cu. ft.	1.00 per M.

These rates have been attacked and are under consideration by the present Illinois Commerce Commission, which is expected to render a decision early in January.

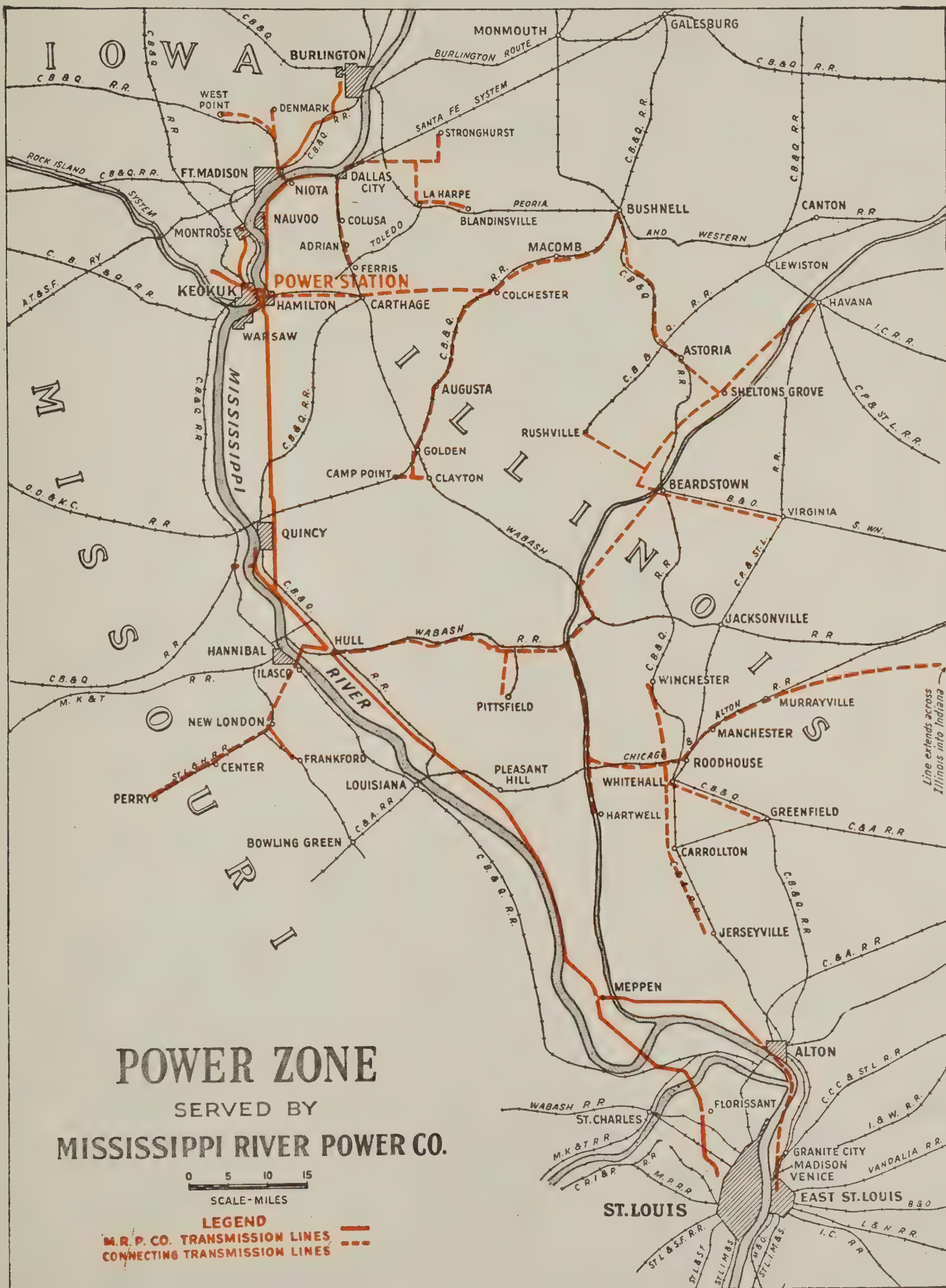
Capital.—Authorized, $50,000,000; issued $38,500,000. The stock is exempt from personal property taxes when held by residents of Illinois.

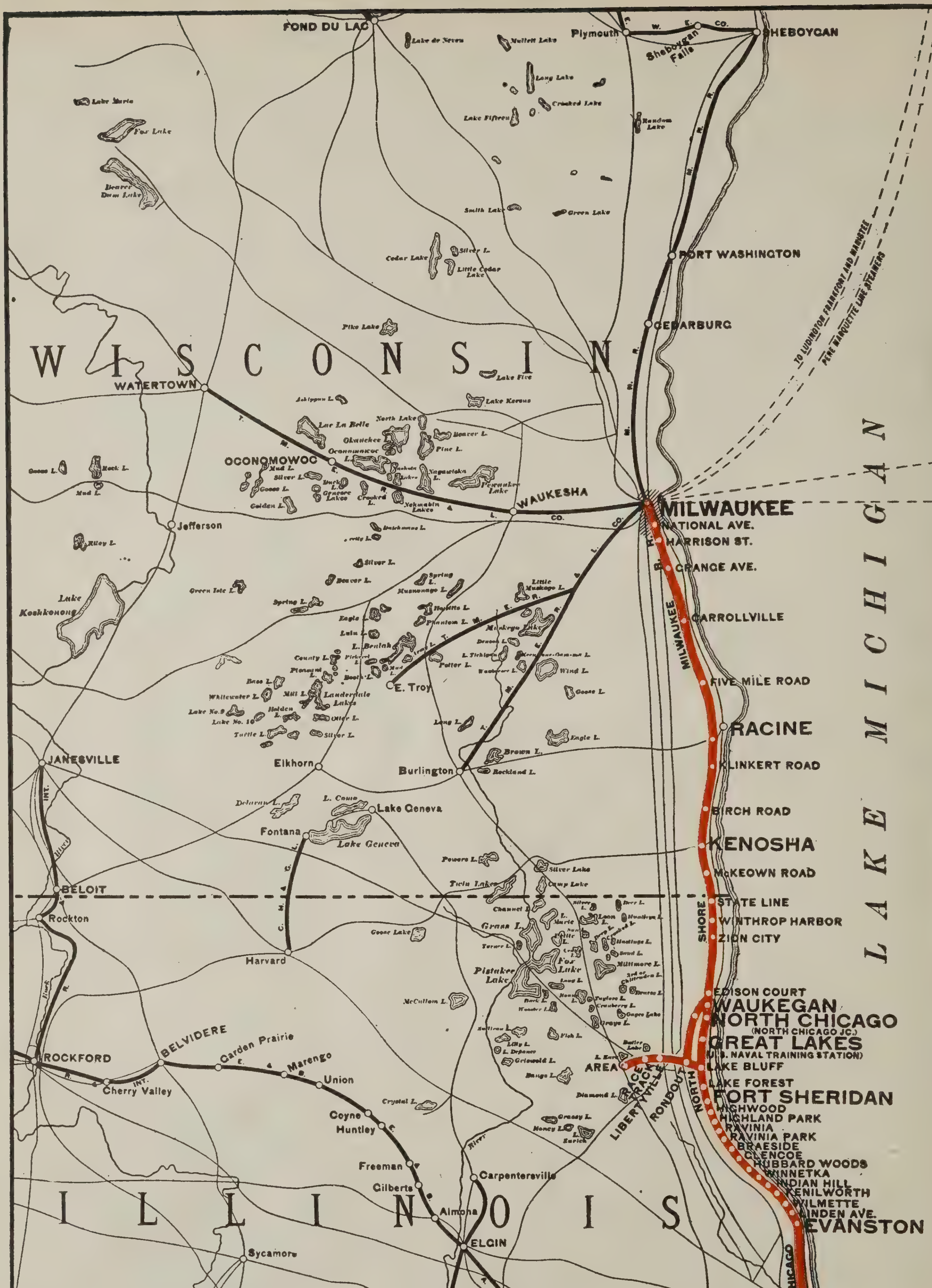
Dividends.—None since August 25, 1917; 1 per cent each, May 25 and August 25, 1917; 6 per cent per annum from May 25, 1916, to February 24, 1917; 8 per cent per annum, November 25, 1913, to February 25, 1916, inclusive; 7 per cent per annum, May, 1909, to August, 1914; 6 per cent per annum, February 25, 1907, to February 25, 1909; 5 per cent per annum, February 26, 1906, to November 26, 1906; 6 per cent per annum, November 25, 1897, to November 25, 1905; $10.71 per share, paid August 2, 1897; 1896, 1½ per cent; 1895, 2½ per cent.

Funded Debt.—$1,712,000 Peoples Gas Light & Coke Company general and refunding mortgage 5s, dated December 1, 1913; due December 1, 1963. Interest, June and Dec. 1. Authorized issue not limited; additional bonds are reserved for new construction at 75 per cent of cost, and sufficient bonds are reserved to retire prior liens, aggregating $45,000,000. These bonds contain a tax-free covenant.

$20,554,000 Peoples Gas Light & Coke Company refunding 5s, due 1947. Interest March and September 1. Issues, $40,000,000. These bonds contain a tax-free covenant. Closed mortgage.

$4,900,000 Peoples Gas Light Coke Company first consolidated 6s, due 1943. Interest, April and October 1.


IOWA
ILLINOIS
MISSOURI
MISSISSIPPI RIVER
BURLINGTON
MONMOUTH
GALESBURG
WEST POINT
DENMARK
STRONGHURST
FT. MADISON
NIOTA
DALLAS CITY
LA HARPE
BLANDINSVILLE
BUSHNELL
CANTON
NAUVOO
COLUSA
MONTROSE
ADRIAN
MACOMB
FERRIS
LEWISTON
KEOKUK
POWER STATION
HAMILTON
CARTHAGE
COLCHESTER
HAVANA
WARSAW
ASTORIA
AUGUSTA
SHELTONS GROVE
RUSHVILLE
GOLDEN
CAMP POINT
CLAYTON
BEARDSTOWN
VIRGINIA
QUINCY
JACKSONVILLE
HULL
HANNIBAL
ILASCO
PITTSFIELD
WINCHESTER
NEW LONDON
MURRAYVILLE
MANCHESTER
CENTER
FRANKFORD
ROODHOUSE
PERRY
LOUISIANA
PLEASANT HILL
WHITEHALL
HARTWELL
GREENFIELD
BOWLING GREEN
CARROLLTON
JERSEYVILLE
MEPPEN
ALTON
FLORISSANT
ST. CHARLES
GRANITE CITY
MADISON
VENICE
ST. LOUIS
EAST ST. LOUIS
Line extends across Illinois into Indiana
POWER ZONE
SERVED BY
MISSISSIPPI RIVER POWER CO.
0 5 10 15
SCALE-MILES
LEGEND
M.R.P. CO. TRANSMISSION LINES
CONNECTING TRANSMISSION LINES



WISCONSIN
ILLINOIS
LAKE MICHIGAN
FOND DU LAC
Plymouth
SHEBOYGAN
Sheboygan Falls
PORT WASHINGTON
CEDARBURG
TO LUDINGTON FRANKFORT AND MANISTEE
PERE MARQUETTE LAKE STEAMERS
WATERTOWN
OCONOMOWOC
WAUKESHA
Jefferson
MILWAUKEE
NATIONAL AVE.
HARRISON ST.
GRANGE AVE.
CARROLLVILLE
FIVE MILE ROAD
RACINE
KLINKERT ROAD
BIRCH ROAD
KENOSHA
McKEOWN ROAD
STATE LINE
WINTHROP HARBOR
ZION CITY
EDISON COURT
WAUKEGAN
NORTH CHICAGO
(NORTH CHICAGO JC.)
GREAT LAKES
(U.S. NAVAL TRAINING STATION)
LAKE BLUFF
LAKE FOREST
FORT SHERIDAN
HIGHWOOD
HIGHLAND PARK
RAVINIA
RAVINIA PARK
BRAESIDE
GLENCOE
HUBBARD WOODS
WINNETKA
INDIAN HILL
KENILWORTH
WILMETTE
LINDEN AVE.
EVANSTON
CHICAGO
MILWAUKEE
NORTH SHORE
CHICAGO
NORTH
RONDOUT
LIBERTYVILLE
RACE TRACK
AREA
E. Troy
Burlington
Elkhorn
JANESVILLE
BELOIT
Rockton
Lake Geneva
Fontana
Harvard
ROCKFORD
BELVIDERE
Garden Prairie
Marengo
Union
Cherry Valley
Coyne
Huntley
Freeman
Gilberts
Almora
Carpentersville
ELGIN
Sycamore
Cortland
De Kalb
Geneva
Batavia
Wheaton
AURORA
Lake Koshkonong
Fox Lake
Pistakee Lake
Lake Geneva
Cedar Lake
Pike Lake

These bonds do not contain a tax-free covenant.

$9,931,000 Chicago Gas Light & Coke Company first mortgage 5s, due July 1, 1937. Interest, January and July 1. These bonds do not contain a tax-free covenant.

$4,246,000 Consumers' Gas Company first mortgage 5s, due 1936. Interest, June and December 1. These bonds do not contain a tax-free covenant.

$4,945,000 Mutual Fuel Gas Company first mortgages (assumed). Due 1947. Interest, May and November 1. These bonds contain a tax-free covenant. (Guaranteed principal and interest by Peoples Gas Light & Coke Company.)

$6,000,000 Ogden Gas Company first mortgage 5s, due May 1, 1945. Interest, May and November 1. Entire issue outstanding. These bonds contain a tax-free covenant.

$6,000,000 Indiana Natural Gas & Oil Company refunding mortgage 5s, due May 1, 1936. Interest, May and November 1. Entire issue outstanding. These bonds contain a tax-free covenant.

$13,000,000 Chicago By-Products Coke Company 7 per cent first mortgage serial gold bonds dated February 2, 1920; due, $867,000 cash February 1, 1924, to 1937, inclusive, and $862,000 February 1, 1938. Company pays normal income tax of 2 per cent.

EARNINGS—CALENDAR YEARS

	1920	1919	1918
Gross earnings	$31,236,335	$24,543,798	$21,588,400
Operating expenses	26,081,383	20,253,355	18,934,319
Net earnings	5,154,951	4,290,442	2,654,081
Depreciation, reserve, etc.	2,409,878	1,859,085	1,654,559
Bond interest	2,364,320	2,366,150	2,366,150
Dividends	....	....	....
Surplus for year	380,752	65,000	1,366,628

*Made up out of contingent reserve, $1,092,814; out of surplus, $273,814.

BALANCE SHEET

BALANCE SHEET—CALENDAR YEARS

	1920	1919	1918
Investment	$ 98,907,931	$ 96,771,041	$ 95,145,237
Securities	50,000	50,000	1,450,974
Sinking fund	70,785	117,745	....
Deferred charges	6,694,496	6,382,144	6,707,536
Inventories	3,605,485	2,692,323	3,794,151
Accounts receivable	3,242,457	2,760,718	3,610,894
Funded debt, int. dep.	336,500	350,045	354,740
Depos. and advances	104,962	710,967	....
Cash	710,301	410,343	219,658
Reserve funds	1,450,941	1,295,331	....
Totals	$115,173,862	$111,540,660	$111,283,191

LIABILITIES—CALENDAR YEARS

	1920	1919	1918
Capital stock	$ 38,500,000	$ 38,500,000	$ 38,500,000
Bonded debt	46,286,000	46,343,000	46,343,000
Deferred credits	14,872	34,373	....
Reserves	10,742,987	9,449,699	8,136,883
Bills payable	2,270,210	1,835,664	2,157,643
Accounts payable	4,004,561	2,113,966	2,737,928
Deposits, etc.	780,619	602,921	461,358
Interest due and accrued	818,576	832,603	837,298
Taxes accrued	959,665	982,887	1,061,482
Sundry	78,283	54,661	....
Surplus	10,718,084	10,790,883	11,047,599
Totals	$115,173,862	$111,540,660	$111,283,191

Officers.—President, Samuel Insull; vice-president, Charles A. Munroe; secretary, T. V. Purcell; treasurer, J. E. Dougherty; comptroller, William A. Sauer; auditor, Walter I. Coble; assistant to the president, George F. Mitchell; assistant secretary, Robert Blair; assistant treasurer, A. L. Tossell.

Directors.—Samuel Insull, Jas. A. Patten, J. J. Mitchell, Stanley Field, John Williamson.

Public Service Co. of Northern Illinois

This company was incorporated in Illinois August 31, 1917. Has acquired and owns in fee the following properties:

Chicago Suburban Light & Power Co.	Northwestern Gas Light & Coke Co.
Cicero Gas Co.	Pontiac Light & Water Co.
Economy Light and Power Co.	LaGrange Water, Light & Power Co.
Illinois Valley Gas & Electric Co.	Citizens Gas Co. of Kankakee.
Kankakee Gas & Electric Co.	Tinley Park Electric Light Co.
North Shore Electric Co.	Stark County Power Co.

The business includes electric light, power, gas, heating and water service. The company operates in 15 counties of Northern Illinois, embracing practically all the large resident and manufacturing communities adjacent to Chicago and extending from the Wisconsin state line to the state line of Indiana. The towns served, of which there are 176, include:

Blue Island	Joliet	Niles
Chicago Heights	Kankakee	Oak Park
Chillicothe	Kenilworth	Ottawa
Cicero	Lacon	Pontiac
Des Plaines	La Grange	River Forest
Evanston	Lockport	Riverside
Gross Point	Lake Forest	St. Anne
Harvey	Maywood	Streator
Hawthorne	Morgan Park	Wilmette
Highland Park	Morris	Waukegan

The company operates over 500 miles of high voltage transmission lines.

Number of customers December 31, 1920: Electricity, 106,305; gas, 71,164; water, 6,018; heating, 1,122. Population served, 533,000.

Capital—Authorized, $10,000,000 6 per cent Cum. Pfd. and $15,000,000 Common. Outstanding, $8,332,300 Pfd. and $12,063,500 Common. Pfd. is redeemable at 120. Stocks are exempt from personal property tax when held by residents of Illinois.

Dividends—Pfd.: 6 per cent per annum, fully paid to date. Common: 7 per cent per annum; initial payment on this basis, Nov. 1, 1916, to date; 6 per cent per annum, Nov. 1, 1915, to Aug. 1, 1916, inclusive; 5 per cent per annum, Nov. 1, 1913, to Aug. 1, 1915; 4 per cent per annum, Feb. 1, 1912, to Aug. 1, 1913.

FUNDED DEBT

(The company pays the Federal normal income tax, except noted otherwise.)

$18,926,000 1st and Refunding 5s, due Oct. 1, 1956. Redeemable Oct. 1, 1921, and thereafter, at 110 and interest on 60 days' notice. Additional bonds are issuable to retire underlying liens, including those on properties hereafter acquired, or from 75 per cent of cost of acquisitions. Depreciation reserves, beginning Dec. 31, 1917, and annually thereafter, 2 per cent of all bonds outstanding for previous six months which are not issued to refund underlying bonds protected by sinking fund or depreciation reserve provisions.

$1,914,500 6 per cent Debentures, dated March 1, 1917; due $1,000,000 annually, on March 1, 1919, to 1922. Authorized, $5,000,000, of which $1,000,000 were retired March 1, 1918, $1,000,000 retired March 1, 1919, and $1,000,000 March 1, 1920. Callable on any interest date on a 5 per cent income basis.

$1,000,000 8 per cent Collateral Notes, Series A, dated Sept. 1, 1920; due Sept. 1, 1930.

$2,500,000 6 per cent Collateral Gold Notes, Series C, due Sept. 1, 1922.

$1,750,000 Collateral Gold Notes, Series D, dated Feb. 1, 1920, due Feb. 1, 1922.

Bonds of Constituent Companies

$1,747,000 Northwestern Gas Light & Coke Co. first mortgage 5s, dated Dec. 1, 1898; due 1928. Redeemable at 105 and interest. Authorized $2,000,000.

$3,365,000 Cicero Gas Co. refunding 5s, dated 1902; due July 1, 1932. Guaranteed by Northwestern Gas Light & Coke Co. Authorized, $5,000,000; balance cannot be sold while any Northwestern Gas Light & Coke Co. 5 per cent notes are outstanding.

$500,000 Cicero Gas Co. first mortgage 6s, dated 1892; due July 1, 1922.

$1,676,500 North Shore Electric 1st and refunding 5s due 1940.

$1,864,000 North Shore Electric Co. first mortgage 5s, due 1940. Redeemable at 107½ and interest. Optional, 1920.

$1,364,000 Economy Light & Power Co., first mortgage 5s, due 1956.

$209,400 Kankakee Gas & Electric Co., first and refunding 5s, due 1930. Redeemable at 107½ and interest.

$121,500 Citizens Gas Co. of Kankakee first mortgage 5s, due 1932. Redeemable at 105 and interest.

$171,000 La Grange Water, Light & Power Co. first mortgage 5 per cent bonds dated Nov. 8, 1901; due $5,000

per annum, Dec. 1, 1917, to 1920; balance due Dec. 1, 1921.

$72,000 Pontiac Light & Water Co. first mortgage 5s, due July 1 1927.

EARNINGS—Calendar Years:

	1920	1919	1918	1917
Gross earnings	$11,415,087	$9,086,226	$9,218,884	$8,797,765
Expenses and taxes	8,137,917	6,560,783	5,585,954	5,309,333
Net earnings	3,277,170	3,525,443	3,632,930	3,488,432
Interest on bonds and notes	1,911,394	1,902,706	1,784,797	1,614,867
Depreciation reserve	545,618	556,500	438,235	451,571
Balance available for divs.	1,365,776	1,346,206	1,409,898	1,421,994
Preferred dividends	464,770	455,280	455,280	455,280
Common dividends	781,138	781,191	837,662	832,734
Surplus for year	119,867	109,735	116,957	133,980
Total surplus (adjusted)	1,441,297	1,333,598	1,229,841	1,112,884

Officers—President, Samuel Insull; vice-presidents, Frank J. Baker, Chas. A. Munroe, John H. Gulick; assistant to president, John F. Gilchrist; secretary and treasurer, George R. Jones; assistant secretary and assistant treasurer, E. E. Brenneman; auditor, S. J. Palmer; assistant auditor, H. W. Wyman; assistant to vice-presidents, John G. Learned.

Directors—Samuel Insull, Henry A. Blair, Frank J. Baker, Chas. A. Munroe, J. H. Gulick, J. E. Gilchrist, Louis A. Ferguson, Wm. A. Fox, Frank G. Logan, Martin Insull, Solomon A. Smith, E. P. Russell, John L. Norton.

Illinois Northern Utilities Co.—Incorporated in Illinois, July 31, 1916, as the result of the consolidation of the old Illinois Northern Utilities Co. (incorporated in April, 1912) and other properties; owns and operates electric light, power, railway, gas and other properties. Has acquired business of 28 operating companies, serves 67 communities, with an aggregate population of 108,546. The more important of these companies are:

Freeport Railway & Light Co., Tri-County Light & Power Co., Belvidere Gas & Electric Co., Sterling Gas & Electric Co., Lee County Lighting Co., DeKalb County Gas Co., Oregon Power Co., Morrison Gas & Electric Co., Mendota Light & Heat Co., Plano Heat, Light & Power Co., Sterling, Dixon & Eastern Electric Ry. Co.

The company leased the hydro-electric plant of Rock River Light & Power Co., with capacity of 2,950 H. P. Also owns undeveloped water-power grants along Rock River. The counties served include Kane, La Salle, DeKalb, Ogle, Lee, Boone, Kendall, Bureau, Carroll, Stephenson, Henry, Mercer, Knox, Warren and McHenry. Supplies electricity, gas, steam and hot water heating, besides owning and operating the electric railway named above.

The territory served by this company adjoins on the west the communities served by Public Service Co. of Northern Illinois. Controlled by Middle West Utilities Company.

Capital—Authorized, $9,750,000 6 per cent cum. pfd., $250,000 non-cum. 2d pfd., and $10,000,000 common. Issued $2,757,800 1st pfd., $250,000 2d pfd. and $4,635,000 common. Of the stock issued, $192,000 1st pfd. and $365,000 common are in the treasury. The pfd. is callable at 110 and dividends. Stocks are exempt from personal property taxes when held by residents of Illinois.

Dividends—Preferred: 6 per cent per annum, fully paid to date.

Funded Debt—$5,047,000 first and refunding 5s, dated 1912; due April 1, 1957. Interest, April and Oct. 1, callable at 105 and interest. Depreciation reserve, 2 per cent annually, beginning 1917. For expenditures over $1,000,000, in acquiring additional property, bonds are issuable only for 75 per cent of cost thereof. A direct lien on all property, subject to prior liens, and additionally secured by $432,000 bonds and $300,000 stock of Sterling, Dixon & Eastern Electric Ry. Co.

$946,800 bonds on various properties acquired.

Earnings—None available since 1916.

Officers—President, Samuel Insull; vice-president, E. D. Alexander; secretary and treasurer, John H. Gulick; assistant to vice-president, Eustace J. Knight; assistant secretary and assistant treasurer, J. A. O'Connell; auditor, L. E. Jacobson.

Directors—Samuel Insull, J. H. Gulick, Wm. A. Fox, Martin J. Insull, E. D. Alexander, Walter S. Brewster, G. W. Hamilton.

Standard Gas & Electric Company

The Standard Gas & Electric Company, incorporated April 28, 1910, under the laws of Delaware for the purpose of acquiring, selling and operating electric, gas, water and other properties, is a holding corporation controlled by H. M. Byllesby & Co. of Chicago, Ill. It is also an original organization and not a consolidation of previously existing corporations. The corporation owns bonds, stock and other securities of thirteen (?) public service corporations, serving 533 communities with a combined population of 2,135,400. The communities served are located in Alabama, Iowa, Illinois, Minnesota, Wisconsin, Arkansas, Oklahoma, North Dakota, South Dakota, Montana, Washington, Idaho, Oregon, California, Kentucky and Colorado. Its subsidiaries include the following corporations:

The Arkansas Valley Railway, Light & Power Company.
Fort Smith Light & Tracton Company.
Louisville Gas & Electric Company (Delaware).
Mississippi Valley Gas & Electric Company.
Mobile Electric Company.
Mountain States Power Company.
Northern States Power Company (Delaware).
Oklahoma Gas & Electric Company.
San Diego Consolidated Gas & Electric Company.
Southwestern General Gas Company.
Tacoma Gas Company.
Western States Gas & Electric Company (Delaware).

The oustanding securities of the controlled and allied companies and the amounts thereof owned by Standard Gas & Electric Company as of December 31, 1920, are as follows:

	Dec. 31, 1920	Dec. 31, 1919
Bonds and notes owned	$ 9,907,968	$10,100,881
Preferred stocks	14,935,600*	9,758,900*
Common stocks	26,537,500*	24,579,400*
Total	$51,381,068	$44,339,181

*Of the above $4,500,000 preferred and $2,500,000 common stocks owned by the Mississippi Valley Gas & Electric Company.

Capital—Common stock authorized, $15,000,000; outstanding, $12,679,550; preferred stock, 8% cumulative, authorized, $30,000,000; outstanding, $12,379,850. $12,491,460 par value, common stock, is outstanding, and $188,090 par value common stock is held by the company for unclaimed portion of common stock offered in payment of accumulated dividends on preferred stock. The par value of shares, both preferred and common, is $50.

Funded Debt—Convertible 6% sinking fund gold bonds, dated Dec. 1, 1911, due Dec. 1, 1926, authorized, $30,000,000; outstanding Dec. 31, 1920, $6,730,500.

Twenty-year 6% gold notes dated October 1, 1915, due October 1, 1935, authorized, $15,000,000; outstanding on December 31, 1920, $7,110,450.

The three-year 7% collateral trust gold notes, dated September 3, 1918, due September 1, 1921; authorized, $750,000; outstanding on December 31, 1920, $620,000; and the two-year 7% convertible sinking fund notes dated November 15, 1919, due November 15, 1921, authorized, $4,500,000; outstanding on December 31, 1920, $3,888,500, were taken up during the year 1921.

The Standard Gas & Electric Company owns all the capital stock except directors' qualifying shares of Mississippi Valley Gas & Electric Company, and has guaranteed the payment of principal and interest of $5,000,000 Missisipi Valley Gas & Electric Company collateral trust 5 per cent bonds, maturing May 1, 1922. These $5,000,000 of bonds are specifically secured by Mississippi Valley Gas & Electric Company treasury holdings of preferred and common stocks of the Louisville Gas & Electric Company of Delaware, aggregating a balance of $7,000,000.

Standard Gas & Electric Company also guarantees principal, interest and sinking fund payments of $15,000,000 Shaffer Oil & Refining Company first mortgage convertible

6 per cent sinking fund gold bonds due June 1, 1929. The $15,000,000 of bonds have been issued, of which $1,893,300 have been redeemed through sinking fund, $2,598,000 are pledged as collateral to an issue of $1,732,000 Shaffer Oil and Refining Company Bond Secured 7 per cent Convertible Sinking Fund Gold Notes, $61,400 are held in the treasury of the Shaffer Company and $10,447,300 were outstanding in the hands of the public on December 31, 1920. Sinking fund provisions on these bonds will retire approximately 90 per cent of the bonds before maturity.

Both gross and net earnings of Standard Gas & Electric Company for the year ended December 31, 1920, show a very substantial increase. Following are the comparative figures for the year ended December 31:

	1920	1919	1918
Gross Revenue	$3,153,689.62	$3,040,987.91	$1,618,566.69
Net Revenue	3,076,612.23	2,960,896.13	1,574,927.06
Gross Income	3,076,612.23	2,960,896.13	1,574,927.06
Interest Charges	1,282,539.30	993,781.40	786,183.75
Balance for Amortization and Dividends	1,794,072.93	1,967,114.73	788,743.31
Preferred Dividends	990,388.00	939,568.56	707,097.00
Rate	(8%)	(7⅔%)	(6%)
Amortization of Debt Discount and Expense	90,000.00	65,000.00	55,000.00
Surplus	713,684.93	962,546.17	26,646.31

According to the above, the surplus for the year ended Dec. 31, 1920, after deductions, was equal to 5⅝% upon the $12,679,550 common stock outstanding. Earnings included in this statement comprise only such amounts as have actually been received by Standard Gas & Electric Company or are in process of collection in due course of business. The 1920 surplus earnings of Shaffer Oil and Refining Company, the important oil subsidiary of Standard Gas & Electric, will be applied by the Shaffer Company to meet the demands of its increasing business, and consequently no part of such surplus earnings was included in the companies' earnings for the year ended Dec. 31, 1920. The combined earnings of the subsidiary companies of Standard Gas & Electric Company for the years ended Dec. 31 compare as follows:

	1920	1919	1918
Gross Earnings	$32,352,232.19	$27,158,137.39	$23,344,286.53
Net Earnings	11,230,741.54	9,980,446.50	8,849,861.24
Aggregate Gross Balance of Earnings Retained in Surplus or Allocated to Depreciation Reserves	1,593,227.02	1,166,369.06	686,899.08

Stockholders of Standard Gas & Electric Company will be interested to learn how the earnings of Standard Gas & Electric Company's public utility subsidiaries were derived. In the following table, covering gross earnings for the year ended May 31, 1921, it will be seen that the income was chiefly derived from electricity and gas; earnings derived from street railway enterprises making a relatively small percentage of the total:

Electricity	70.41%	Telephone	.43%
Gas	23.27%	Water	.18%
Street Railway	3.51%	Ice	.11%
Steam Heat	2.09%		

The local sale of securities of the utility subsidiaries within the respective territories served by such subsidiaries has been growng at a most substantial rate. This innovation, inaugurated in 1915, has assumed a most important aspect in connection with the financial requirements of the subsidiaries. The 1920 aggregate local sales of preferred stocks and other securities amounted to $8,439,400 par value, an increase of $3,588,300 over 1919—the previous record year. It is worthy of note that there is included in the 1920 total of local transactions an aggregate of $6,231,400 par value of preferred stock, during a time of general depression in money centers and the incidental difficulty of financing except through the medium of bonds and other obligations. Of the 28,000 separate local sales made since local sales were inaugurated, a certain proportion represents purchases by persons already stockholders; but it is estimated that at least 20,000 new local stockholders have, so far, been added to the ownership's lists of the public utility subsidiaries by the introduction of the "Customer Ownership" movement.

The par or face value of securities held by the company on January 1, 1921, aggregated $44,269,411, as compared with $44,439,181, on January 1, 1920. The holdings of stocks of no par value, among which are such important stocks as Shaffer Oil and Refining Company common and Byllesby Engineering & Management Corporation, increased from 153,374 shares on January 1, 1920, to 254,571 on January 1, 1921. Following are the officers and directors of Standard Gas & Electric Company:

Officers—H. H. Byllesby, president; Arthur S. Huey, Otto E. Osthoff, J. J. O'Brien, *George H. Harries and F. C. Gordon, vice-president; Robert J. Graf, secretary and treasurer; M. A. Morrison, Herbert List, P. A. Lehmkuhl, C. C. Levis and B. W. Lynch, assistant secretary and assistant treasurer; L. M. Sage, assistant secretary.

Directors—*H. M. Byllesby, J. H. Briggs, *S. W. Childs, R. G. Hunt, H. C. Cummins, D. T. Flynn, Robert J. Graf, *Arthur S. Huey, B. W. Lynch, Donald McDonald, A. S. Cummins, M. A. Morrison, *J. J. O'Brien, *Otto E. Osthoff, John Roemer, *F. W. Stehr, *B. E. Sunny.

*Member of executive committee.

Subsidiary Companies

The Arkansas Valley Railway, Light & Power Company—During the year 1920 this company reports the largest gross earnings in its history, and the net exceeds that of any previous year except 1917. These results were made possible by increased new business in all territories served except the Cripple Creek district. Increase in railway fares, and a slight increase in some of the light and power schedules were of considerable help. Gross earnings for the year were $1,865,743 and net earnings $608,632.

Par value of outstanding bonds and notes on December 31, 1920, was $5,607,000, of which $3,000,000 were owned by Standard Gas & Electric.

Preferred stock outstanding, $1,918,600; owned by Standard Gas, $405,000. Common stock outstanding, $3,500,000, all of which is owned by Standard Gas & Electric Company.

Fort Smith Light & Traction Company—Gross earnings increased from $850,364.73 in 1919 to $1,070,390.69 in 1920, while net earnings increased from $280,387.47 to $300,793.14. This is an increase of 25% in gross earnings and 7.27 per cent in net. There was an increase of 35 per cent in operating expenses. Total interest charges increased $4,485. The company has $3,802,500 bonds and notes outstanding, of which $1,920,000 is owned by Standard Gas & Electric Company. Of the $1,410,000 preferred stock outstanding Standard Gas owns $881,500, and the $950,000 common stock outstanding is all owned by Standard.

Louisville Gas & Electric Company—Gross earnings show an increase from $3,594,345 in 1919 to $4,469,316 in 1920, and net earnings increased $275,059. The increase in gross earnings was due almost entirely to the increased volume of business in both the electric and gas departments.

Louisville Gas & Electric Company has $18,728,500 bonds and notes outstanding and $11,762,500 preferred stock, of which $4,500,000 is owned by Mississippi Valley Gas & Electric Company and $1,991,200 by Standard Gas & Electric Company. The common stock outstanding on above date was $6,569,100, of which $2,500,000 is owned by Mississippi Valley and $1,168,400 owned by Standard Gas & Electric Company.

Mobile Electric Company—Gross earnings for the year ended Dec. 31, 1920, were $737,446; net $214,081. The corporation has $2,198,500 bonds and notes outstanding of which $492,000 are owned by Standard Gas. Its preferred stock outstanding amounts to $852,500, of which $278,000 is owned by Standard Gas; common stock outstanding totals $950,000, of which $897,200 is owned by Standard Gas & Electric Company.

Mountain States Power Company—Net earnings for year ended Dec. 31, 1920, show an increase of 20.5 per cent, this increase being entirely due to increase of business. The corporation has $3,052,500 of bonds and notes, of which $701,000 is owned by Standard Gas & Electric Company. The preferred stock outstanding amounts to $2,132,500, of which $1,200,000 is owned by Standard Gas.

Northern States Power Company—This corporation is reviewed elsewhere.

Oklahoma Gas & Electric Company—The income account of this corporation for the year ended December 31, 1920, shows an increase of 18.4 per cent in gross earnings and 26.7 per cent in net earnings, indicating that the company shared in the general prosperity of the state during this period. Gross earnings were $5,070,656, and net $1,276,114.

Oklahoma Gas & Electric Company has $9,242,500 bonds and notes outstanding. Its preferred stock outstanding on Dec. 31, 1920, totaled $3,251,500, of which $2,040,800 was owned by Standard Gas & Electric Company; and the common stock outstanding was $4,500,000, all of which except $500 was owned by Standard Gas & Electric Company.

Puget Sound Gas Company—This is one of the small subsidiary companies of Standard Gas & Electric Co. Its gross earnings in 1920 were $163,985, and net earnings $25,-915. This is an increase of 15 per cent in gross and 43 per cent in net, due entirely to increased business.

San Diego Consolidated Gas & Electric Company—Gross earnings of this company for the year ended Dec. 31, 1920, show an increase of 17.9 per cent and net earnings increased 16.4 per cent, gross earnings amounting to $2,-661,045 and net $883,427. There are $6,094,000 bonds and notes outstanding; $1,470,400 preferred stock and $2,972,100 of common stock. $2,955,000 of the common stock is owned by Standard Gas & Electric Company.

Tacoma Gas & Fuel Company—Gross earnings in the year under review were $561,098, and net earnings $104,909. This is an increase of 17 per cent in gross and 34 per cent in net. There are $484,350 bonds and notes outstanding; $510,000 preferred stock and $2,125,000 common stock, of which $369,000 of the preferred and $1,548,300 of the common is owned by Standard Gas & Electric Company.

Western States Gas & Electric Company—There was an increase of 17 per cent in the gross earnings of the company for the year 1920 and 4.2 per cent in net earnings. Operating expenses show an unprecedented increase, due to increased cost of purchased energy, fuel oil and labor. Gross earnings totaled $2,224,909 and net earnings $818,394. There were $6,996,500 bonds and notes outstanding on December 31, 1920, $2,694,400 preferred stock and $3,231,500 common stock, of which Standard Gas owns $253,000 preferred and $3,240,700 common.

Shaffer Oil and Refining Company—This corporation has $12,179,300 bonds and notes outstanding; $11,000,000 of preferred stock and 200,000 shares of no par value of common stock, of which Standard Gas & Electric Company owns 118,000 shares.

St. Cloud Public Service Co.

Owns and operates under favorable franchises the gas, electric light, power and street railway properties in St. Cloud, Minn., with a present population of over 16,000 people, and furnishes from its central plant, by means of over 225 miles of transmission lines, electric light and power in 32 nearby towns having an aggregate population of 34,000. Among the most important towns served are Sauk Rapids, Monticello, Cold Springs, Richmond, Albany, Foley, Waite Park and 25 other nearby towns.

Capital Stock—$1,000,000 common authorized, $1,000,000 outstanding; 2nd pfd., $300,000 authorized; $275,000 outstanding.

Funded Debt—$4,000,000 1st mtge. Sinking Fund 8% gold bonds; outstanding,* $2,094,000. Dated Nov. 1, 1914, due Nov. 1, 1934. Interest May 1 and Nov. 1 in Chicago and New York. Callable on any interest date at 104 and interest on or before November 1, 1925, and at 103 and interest thereafter.

*Of these bonds $79,300 are held in the sinking fund.

EARNINGS—YEAR ENDED AUGUST 31

	1921	1920
Gross earnings	$684,541.11	$549,413.23
Operating expenses, taxes, etc.	362,874.98	279,081.76
Net earnings	$321,666.13	$270,331.47
Bond interest	152,672.00	112,164.00
Surplus	$168,994.13	$158,167.47

Officers—Pres., A. G. Whitney; Vice-Pres., R. L. Gale; Treas., Wheelock Whitney; Sec. and Asst. Treas. C. A. Slaney; Gen. Supt. George Marion.

Directors—A. G. Whitney, R. L. Gale, G. W. Plank, Wheelock Whitney, St. Cloud, Minn.; C. H. Fox, Chicago.

United Light & Railways Company

The United Light & Railways will close the year 1921 with the most magnificent showing ever recorded in its history. The United Light & Railways Company was incorporated in Maine in 1910 to acquire, finance and operate public utility properties. It now controls through ownership of all or a very large majority of their capital stock various public service companies operating in the states of Illinois, Iowa, Michigan, Indiana and Tennessee. It owns all or a large proportion of the capital stock (in only one case less than 99 per cent), except directors' shares, of the following companies:

Cadillac Gas Light Company, Cadillac, Mich.
Chattanooga Gas Company, Chattanooga, Tenn.
Cedar Rapids Gas Company, Cedar Rapids, Iowa.
Cedar Rapids & Marion City Railway Company, Cedar Rapids and Marion, Iowa.
Fort Dodge Gas and Electric Company, Fort Dodge, Iowa.
Ottumwa Gas Company, Ottumwa, Iowa.
Mason City and Clear Lake Railroad Company, Mason City and Clear Lake, Iowa.
Peoples Gas & Electric Company, Mason City, Iowa.
LaPorte Gas & Electric Company, LaPorte, Ind.
Grand Rapids, Grand Haven & Muskegon Railway Company, Grand Rapids, Mich.
Tri-City Railway and Light Company, Davenport, Iowa City and Muscatine, Iowa; Rock Island, Moline, East Moline, Ill., and contiguous territory.

The Tri-City Railway and Light Company owns all of the stock, except directors' shares, of the following companies:

Tri-City Railway Company of Iowa.
Tri-City Railway Company of Illinois.
Peoples Light Company.
Peoples Power Company.
Moline-Rock Island Manufacturing Company.
Clinton, Davenport and Muscatine Railway Company.
Muscatine Lighting Company.
Iowa City Light and Power Company.

Capital—Authorized, $12,500,000 6 per cent cumulative first preferred, issued $10,054,400, common, authorized $12,500,000, issued $7,193,900; outstanding in hands of the public, $6,864,200. The first preferred stock is redeemable at 105 and dividends. Originally there was an issue of second preferred stock which has been all converted into common or first preferred stock. The voting power is vested in the common stock only.

Funded Debt—United Light & Railways Company first and refunding 5s, $16,574,600 issued, less treasury bonds deposited as collateral to bond secured gold notes, $7,382,500; in treasury, $95,400; amount outstanding in hands of the public, $9,096,700.

Six per cent convertible gold debentures due Nov. 1, 1926, $2,000,000.

$2,000,000 two-year 7 per cent bond-secured gold notes, series of 1920, due April 1, 1922. Called for redemption as of December 24, 1921, at par and accrued interest.

$2,000,000 ten-year 8 per cent bond-secured gold notes, due November 1, 1930. Secured by deposit of $2,667,000 par value first and refunding 5 per cent bonds.

Five-year 7 per cent bond-secured gold notes, due April 1, 1923, $1,500,000. These are secured by one and a third times the face value of the first and refunding 5s.

$1,500,000 7 per cent notes, Series B, dated April 1, 1918; due April 1, 1923. Int., April and Oct. 1. Secured by 1⅓ times the face value of 1st and refunding 5s.

$16,596,700 underlying divisional bonds and preferred stocks of controlled properties, are owned by public.

CONSOLIDATED EARNINGS STATEMENT

UNITED LIGHT AND RAILWAYS COMPANY AND SUBSIDIARY COMPANIES TWELVE MONTHS, ENDED DECEMBER 31

EARNINGS—Calendar Years:

	1920	1919	1918	1917
*Gross earn. (all sources)..	$11,956,517	$10,169,724	$9,176,442	$7,853,909
*Operating expenses (incl. general and inc. taxes)...	7,864,518	6,553,586	5,787,013	5,046,907
†Maintenance of property...	816,747	730,945	628,092	......
Net earnings............	$ 3,275,252	$ 2,885,192	$2,761,336	$2,807,001
Interest on subsidiary company bonds and notes owned by public.........	700,646	715,997	725,501	714,357
Dividends on subsidiary company preferred stocks, held by public..........	169,986	170,626	171,000	171,719
Earnings of subsidiary companies applicable to common stocks held by public	12,525	9,486	7,567	13,304
Balance	$ 2,392,094	$ 1,989,082	$1,857,267	$1,907,620
Interest on first and refunding 5% bonds United Light & Railways Company....	455,434	448,621	435,011	434,301
Balance	$ 1,936,660	$ 1,540,461	$1,422,255	$1,473,319
Interest on notes and debts..	465,761	409,839	323,927	255,510
Balance	$ 1,470,899	$ 1,130,621	$1,098,328	$1,217,808
Interest on commercial loans, United Light & Railways Co.	47,112	42,509	42,560	13,237
Balance—Credit to surplus account	$ 1,423,786	$ 1,088,112	$1,055,767	$1,204,517

*The gross earnings and operating expenses of the subsidiary companies include inter-company transactions. Transactions to the amount of $1,505,081 of which $444,611 represents electric power sold to subsidiary railway properties.

†In addition to amount set aside or expended for maintenance of property, the following further sums were set aside for depreciation and credited to depreciation reserve; 1920, $535,292; 1919, $71,489.59; 1918, $449,646.50.

The following is the balance sheet of United Light & Railways company for the year ended December 31, 1920:

UNITED LIGHT AND RAILWAYS COMPANY AND SUBSIDIARY COMPANYS

ASSETS

PLANT CONSTRUCTION AND INVESTMENT ACCOUNT: Aggregate of Book Value.................			$52,342,483.68
CURRENT ASSETS:			
Cash on hand and in banks............		$ 607,104.90	
Accounts receivable.........	$911,959.77		
Less reserve for bad debts...	57,213.14		
		854,746.63	
Notes receivable......................		19,140.42	
Liberty Bonds.........................		2,850.00	
Interest and dividends receivable.......		302.48	
Supplies—coal, coke, oil, pipe and appliances		1,052,026.10	
Prepaid accounts......................		75,671.34	
			$ 2,611,841.87
CASH AND SECURITIES IN HANDS OF TRUSTEES FOR SINKING FUND, ETC.			$ 72,808.03
INVESTMENTS—Stocks and Bonds of other Companies			30,401.00
ITEMS IN SUSPENSE AND OPEN ACCOUNTS			76,469.66
			$55,134,004.24

LIABILITIES

CAPITAL STOCK:			
The United Light & Railways Co. of Delaware:			
Prior Pfd. 7% Cum. Auth. $25,000,000.00 Issued		$ 2,000,000.00	
Less amount held by U. L. & Rys. Co. of Maine.........................		1,916,000.00	$ 84,000.00
Prior Pfd. 7% Cum. Subscriptions by Public		$ 215,600.00	
Less amount unpaid................		178,972.83	36,627.17
United Light & Railways Co. of Maine:			
1st Pfd. 6% Cum. Auth. $12,500,000.00 Issued		$10,133,100.00	
Less amount held by U. L. & Rys. Co.		78,700.00	$10,054,400.00
Common, Authorized, $12,500,000.00, Issued		$ 7,193,900.00	
Less amount in Treasury............		329,700.00	$ 6,864,200.00
Cedar Rapids & Marion City Ry. Co.:			
Common, Issued.......................		$ 650,000.00	
Less amount held by U. L. & Rys. Co.		584,801.24	$ 65,198.76
Chattanooga Gas Company:			
Preferred 6% Cumulative, Issued......		$ 500,000.00	
Less amount held by U. L. & Rys. Co.		493,100.00	$ 6,900.00
Tri-City Railway & Light Co.:			
Preferred 6% Cumulative, Issued.......		$ 3,000,000.00	
Less amount held by U. L. & Rys. Co.		173,800.00	$ 2,826,200.00
Common, Issued......................		$ 9,000,000.00	
Less amount held by U. L. & Rys. Co.		8,915,900.00	$ 84,100.00
Total Capital Stock in Hands of Public...............			$20,021,625.93
FUNDED DEBT:			
United Light & Railways Co. of Maine:			
First and Refunding 5s, Issued.........		$16,574,600.00	
Treasury Bonds:			
Deposited as Collat. to Bond Secured Gold Notes....	$7,334,000.00		
Deposited as Collateral to Other Notes...........	48,500.00		
In Treasury..............	95,400.00	7,477,900.00	$ 9,096,700.00
Five Year 7% Bond Secured Gold Notes "Series B," due April 1, 1923.		$ 1,500,000.00	
Two Year Bond Secured Gold Notes "Series of 1920," due April 1, 1922.		2,000,000.00	
Ten Year 8% Bond Secured Gold Notes, due Nov. 1, 1930.................		2,000,000.00	
6% Convertible Gold Debentures, due Nov. 1, 1926.....................		2,000,000.00	$ 7,500,000.00
Chattanooga Gas Company:			
First 5s Outstanding..................		$ 488,000.00	
Less amount held by U. L. & Rys. Co.		7,000.00	$ 481,000.00
Grand Rapids, Grand Haven & Muskegon Ry. Co.:			
First 5s Outstanding..................		$ 1,500,000.00	
Less amount held by U. L. & Rys. Co.		2,000.00	$ 1,498,000.00
Iowa City Gas & Electric Company:			
First 6s Outstanding..................		$ 220,500.00	
Less amount held by U. L. & Rys. Co.		1,500.00	$ 219,000.00
Mason City & Clear Lake Railroad Company:			
General Mortgage 6s Outstanding.......		$ 316,000.00	
Less amount held by U. L. & Rys. Co.		8,500.00	$ 307,500.00
Peoples Gas & Electric Company:			
General Mortgage 6s Outstanding....................			$ 370,000.00
Tri-City Railway & Light Company:			
First and Refunding 5s Outstanding....		$10,696,000.00	
Less amount held by U. L. & Rys. Co.		7,495,000.00	$ 3,201,000.00
Collateral Trust 5s Outstanding.........		$ 7,196,000.00	
Less amount held by U. L. & Rys. Co.		3,000.00	$ 7,193,000.00
Tri-City Railway Company:			
First 5s Outstanding..................		$ 54,000.00	
Less amount held by U. L. & Rys. Co.		13,000.00	$ 41,000.00
Total Funded Liabilities in Hands of Public...........			$29,907,200.00
TOTAL CAPITAL LIABILITIES..................			$49,928,825.93
Notes Payable to U. S. Housing Corporation—Due after termination of War..............................			$ 56,881.45
CURRENT LIABILITIES:			
Accounts Payable........................		$ 795,809.56	
Trade Acceptances.....................		3,615.79	
Notes Payable.........................		483,753.98	
Paving Taxes due within one year......		28,639.44	
Adjudicated Claims and Damages due within one year...................		4,841.04	
Service Deposits due within one year...		2,500.00	
Other Liabilities......................		693.66	$ 1,319,853.47
ACCRUED LIABILITIES:			
Interest Accrued.......................		$ 384,259.07	
Taxes Accrued—General and Federal...		558,419.91	
Dividends Accrued....................		195,046.28	$ 1,137,725.26
DEFERRED LIABILITIES:			
Tickets Unredeemed...................		$ 8,435.36	
Meter and Service Deposits............		220,832.77	
Deferred Paving Taxes................		53,111.94	
Deferred Adjudicated Claims and Damages		12,727.45	$ 295,107.52
SURPLUS OF SUB-COMPANIES AVAILABLE FOR DIVIDENDS TO MINORITY STOCKHOLDERS:			
Cedar Rapids & Marion City Railway Company		$ 15,259.05	
Tri-City Railway & Light Company.....		2,940.55	$ 18,199.60

RESERVES:

For Maintenance, etc.	$ 72,184.10		
Other Reserves	214,944.62		
For Depreciation:			
Balance Dec. 31, 1919...$1,365,129.18			
Add Provision for 1920.. 535,292.14			
$1,900,421.32			
Deduct Property written off, less Salvage Value	107,446.38	$1,792,974.94	$ 2,080,103.66
SURPLUS			$ 297,307.35
Contingent Liability in respect of Notes Receivable discounted by Subsidiary Companies ...$12,839.59			
			$55,134,004.24

In the annual report of the United Light & Railways company for the fiscal year ended December 31, 1920, and given to the stockholders last summer. President Frank T. Hulswit, among other things, said:

Through Sinking Fund operations, bonds secured by the Collateral Trust First Lien Mortgage of The Tri-City Railway & Light Company, and First Mortgage Bonds of the Iowa City Gas & Electric Company and Chattanooga Gas Company, aggregating $276,000.00, were purchased and cancelled.

Within a period of seven years ended December 31st, 1920, your Company has acquired or retired by cancellation $8,652,350.00 of Subsidiary Company's bonds and stocks.

Your Company also retired on May 1st, 1920, $1,500,000 Series "A" Bond Secured Gold Notes maturing on that date, and on December 1st, 1920, retired all of its One Year 7% Series "C" Notes, in amount $1,500,000.

The proportion of Bond and Stock Issues of Subsidiary Companies owned by your Company (where they are not owned in their entirety) as of December 31st, 1920, can be ascertained by a review of the annexed Consolidated Balance Sheet.

During the year your Company issued and sold $2,000,000 of 7% Bond Secured Gold Notes dated April 1st, 1920, maturing April 1st, 1922, and further issued and sold on November 1st, 1920, $2,000,000 of 8% Bond Secured Gold Notes, maturing November 1st, 1930.

The proceeds from the sale of these Notes were used to retire indebtedness of the Company and to refund the Treasury in part for capital expenditures made during the year 1920.

There were outstanding in the hands of the public on December 31st, 1920, the following amounts of Capital Securities of your Company:

First and Refunding Mortgage 5% Bonds, due June 1, 1932..	$ 9,096,700
Ten Year 8% Bond Secured Gold Notes, due Nov. 1, 1930...	2,000,000
Ten Year 6% Convertible Gold Debentures, due Nov. 1, 1926..	2,000,000
Five Year 7% Bond Secured Gold Notes, due April 1, 1923...	1,500,000
Two Year 7% Bond Secured Gold Notes, due April 1, 1922...	2,000,000
First Preferred 6% Cumulative Stock	10,054,400
Common Stock	6,864,200

During the year there was expended for additions and extensions of property, $983,130.00. Of this total $458,975.97 was expended on Electrical Properties; $282,711.71 on Gas Properties, $236,553.48 on Railway Properties, and $4,888.84 on Heating Properties.

All of the improvements and additions are of permanent nature and were in the judgment of the management necessary to enable the Company to continue to give high class service. Every unnecessary outlay, however, was avoided and this will be the policy of your management during the year 1921. We are pleased to advise you that at all times a high standard of service was maintained, and as a result your management has not lacked the support of the public served when reasonable increases in rates for service were requested.

The Gross Earnings of your Company's subsidiaries show a very material increase, and due to careful buying and close attention to operations the Net Earnings also show a substantial increase; in fact, your Board is gratified in presenting in this Report to you the most favorable statement of operations in your Company's history.

The year 1921 will not be without its problems, but it will be the policy of your management in the period of adjustment through which the World, and especially our Country, is passing, to be eminently fair in the matter of wages with its employees; conservative in the purchase of supplies, and economical in the expenditures of money.

The Gas Sales in cubic feet for the 12 months ended December 31st, 1920, were 2,530,390,100, an increase of 521,850,300, or 25.98%. The Electric Sales in Kilowatt Hours were 174,305,805, an increase of 19,744,709, or 12.77%. The Revenue Passengers carried of all classes on the railways (street and interurban) were 41,998,782, a decrease of 2,943,415 or 6.55%.

The following Comparative Statement indicates the sources of revenue of Subsidiary Companies, both Gross and Net, and the percentage each class of service bears to the total:

GROSS EARNINGS

	1920	Total % of	1919	Total % of
Gas	$ 2,829,456.68	23.98	$2,140,431.11	21.51
Residuals	78,700.38	.67	182,154.35	1.83
Electric	4,441,517.35	37.64	3,785,344.92	38.04
Railway—City Lines	2,754,523.06	23.35	2,352,160.18	23.64
Railway—Interurban	1,313,699.69	11.13	1,193,298.41	11.99
Heat	174,802.34	1.48	131,736.63	1.32
Miscellaneous	206,787.19	1.75	166,039.41	1.67
Total	$11,799,486.69	100.00	$9,951,165.01	100.00

NET EARNINGS

Gas	$ 696,374.01	22.33	$ 501,939.87	18.82
Electric	1,421,526.22	45.59	1,326,541.66	49.75
Railway—City Lines	441,690.41	14.16	411,537.22	15.43
Railway—Interurban	379,030.58	12.16	292,714.71	10.98
Heat	46.53	.00	*17,662.53	*.66
Miscellaneous	179,553.90	5.76	151,561.84	5.68
	$ 3,118,221.65	100.00	$2,666,632.77	100.00

*Net loss.

At December 1, 1921, the number of new stockholders had increased to more than 2,000.

OFFICERS—Frank T. Hulswit, President; Richard Schaddelee, First Vice-President and Gen. Manager; B. J. Denman, Vice-President and Asst. Gen. Manager; T. J. Weber, Vice-President; L. H. Heinke, Secretary and Treas.; M. E. Armstrong, Assistant Secretary; Wm. H. Hulswit, Assistant Secretary; F. K. George, Assistant Secretary; F. F. Kelley, Asst. Secretary and Asst. Treasurer.

BOARD OF DIRECTORS—Glenn M. Averill, Frank T. Hulswit Wm. Butterworth, William H. Hulswit, George B. Caldwell, C. H. McNider, B. J. Denman, Wm. Chamberlain, E. Golden Filer, Richard Schaddelee, L. P. Hammond, Francis E. Smith, L. H. Heinke, T. J. Weber, J. G. White.

EXECUTIVE COMMITTEE—Glenn M. Averill, Chairman; C. H. McNider, Vice-Chairman; Wm. Butterworth, B. J. Denman, Frank T. Hulswit, Wm. Chamberlain, Richard Schaddelee, L. H. Heinke, Secretary.

Western United Corporation

The Western United Corporation is an Illinois corporation formerly known as Illinois Commercial and Mining Company. It owns outright the property known as Rex Mines, being the property formerly owned by the New Rex Coal and Coke Company, in Logan County, West Virginia. It owns through majority stock ownership the control of Western United Gas and Electric Company and Coal Products Manufacturing Company. It also owns the entire capital stock of the Southern Illinois Gas Company, Mid Egypt Gas and Oil Company, Western United Gas Coal Company, Eclipse Pocohontas Coal Company and Black Wolf Coal and Coke Company.

CAPITALIZATION

CAPITAL STOCK

	Authorized	Outstanding
Preferred stock, 8% cumulative	$10,000,000	....
Common sotck	6,000,000	$5,250,000

FUNDED DEBT

6% mortgage gold notes due may 1, 1918 to 1925	$400,000	$175,000
Retired	225,000	....
8% collateral gold notes due Aug. 1, 1926 (this issue)	432,000	432,000

Western United Gas and Electric Company serves gas without competition in sixty-three municipalities located in McHenry, Kane, DuPage, DeKalb, Kendall, Will and Cook Counties in Illinois, all within a radius of fifty miles of Chicago including the cities of Aurora, Joliet, Elgin and Woodstock, also several important suburbs of Chicago. The Company also serves electric current in Aurora, Wheaton, Glen Ellyn, Warrenville, Montgomery, Oswego and North Aurora, and steam heating in Aurora. The total population served is approximately 240,000. The Company was incorporated in 1905, through the consolidation of several gas companies which had been therefore in successful operation for many years. The gross earnings have consistently increased from $679,874.26 for the fiscal year ended January 31st, 1906, to $2,734,291.01 for the fiscal year ended January 31, 1921.

Coal Products Manufacturing Company owns one of the most modern and complete coke oven plants in the country. The plant consists of fifty-three modern coke ovens each with a capacity sufficient to handle 13½ tons of coal every eighteen hours, and the daily capacity of the plant is over 5,000,000 cubic feet of gas and 650 tons of coke. The output of gas is sold to Western United Gas and Electric Company for distribution by the latter company, and the coke is marketed through the Western United Corporation. Tar and ammonium sulphate are other principal products of the plant manufactured and sold.

The property of the Rex Mines consists of 1,050 acres of high volatile coal of excellent quality for the manufacture of gas. It has been estimated by independent engineers that

the amount of available coal is 7,500,000 tons. The Coal Products Manufacturing Company uses a minimum of 250,000 tons of coal per year from this property.

Eclipse Pocohontas Coal Company owns leaseholds in McDowell County, West Virginia, for 880 acres of coal, and it has been estimated by independent engineers that there are 3,581,000 tons of Pocohontas coal available. The Coal Products Manufacturing Company uses the entire output of coal from this mine at the rate of 50,000 tons annually.

Black Wolf Coal and Coke Company owns leaseholds in McDowell County, West Virginia, for 800 acres of coal. Mines are being operated in each of two veins. It has been estimated by independent engineers that there are 3,500,000 tons of Pocohontas coal available. The Coal Products Manufacturing Company uses the entire output amounting to approximately 100,000 tons per year.

Western United Gas Coal Company owns the leasehold of 240 acres of coal in Jackson County, Illinois, and it has been estimated by independent engineers that there are 960,000 tons of coal available. The entire output amounting to 115,000 tons annually is used by Southern Illinois Gas Company and Coal Products Manufacturing Company, with the exception of a small amount sold locally in Murphysboro, Illinois.

Mid Egypt Gas and Oil Company owns and operates natural gas wells in Jackson County, Illinois. The gas therefrom is sold to Southern Illinois Gas Company, and by it is mixed with blue gas manufactured at its plant in Murphysboro from coal from Western United Gas Coal Company. The mixed gas is sold to customers of said Southern Illinois Gas Company in the communities served by it.

The Southern Illinois Gas Company serves without competition gas in eleven municipalities located in Williamson, Jackson, Franklin and Perry Counties in Illinois, including Murphysboro, DuQuoin, Marion, Carbondale, Johnson City and West Frankfort. The Company also distributed electric current and water in Murphysboro. The population served approximately 70,000.

Western United Gas & Electric

This company was incorporated June, 1905, in Illinois, consolidating the Fox River Light, Heat and Power Company of Aurora and the Joliet Gas and Light Company, The LaGrange Gas Company and the Elgin-American Gas Company. The plant at Lockport, Illinois, was purchased in July, 1905. The company operates without competition in sixty-three cities and towns in the Fox river valley, all within the radius of forty-five miles of Chicago and serves a total population of 210,000. It furnishes gas throughout the entire district and electric current in Aurora, Wheaton, Glen Ellyn Montgomery, Oswego and North Aurora and steam heating in Aurora.

Income Account

Year ended January 31:	1921	1920	1919
Gross earnings	$2,756,179	$2,023,991	$1,985,442
Operating expenses and taxes	2,060,846	1,285,933	1,220,213
Net income	$ 695,332	$ 738,058	$ 765,229
Interest on bonded debt and debentures	364,106	360,902	326,284
Surplus, over interest on bonds	$ 331,225	$ 377,156	$ 438,945

Capital—$1,500,000 preferred; $3,000,000 common, all outstanding. Dividends: One preferred, 6 per cent since organization; on common, 6 per cent 1916 to date; 5 per cent 1915; 4 per cent 1914 and 1913; 3 per cent 1912; 2 per cent 1911.

Bonds—$5,000,000 first 5s, dated Feb. 1, 1905, due serially 1919 to 1950; outstanding, $4,749,400; $864,000 general mortgage gold 5s due Feb. 1, 1950; due Feb. 1, 1950, $117,300 7 per cent collateral notes, due Feb. 1, 1922, $350,000 7 per cent debenture; due Dec. 1, 1920 to 1928, $333,700 6 per cent collateral gold notes due Aug. 1, 1922; $561,000 7% collateral gold notes due August 1, 1926.

Directors—W. S. Beaupre, C. E. Colwell, K. Karl Lamb, I. C. Copley, E. S. Hobbs, T. N. Holden, S. D. Seamans, C. C. Smith, H. A. Brennecke, Aurora, Ill.; Fred Bennitt, Joliet, Ill.; C. B. Strohn, M. W. Stroud, Philadelphia, Pa.

For Additional Utility Corporation News, See Section I

Education *versus* Service

Advertising is a form of service calculated to create a market for marketable goods. Now a marketable product may be almost anything from a new breakfast food to a high class bond. In either case advertising brings the product to the consumer and the consumer to the product—serves to introduce them to each other to their mutual advantage.

But some forms of advertising take on a peculiarly educational value. To make known certain kinds of "products" becomes of *real service* to the general welfare of humanity.

Both EDUCATION and SERVICE predominated in the remarkable

"BUY BONDS NOW"

series of advertisements which The Chicago Daily News published during the past few months.

The Daily News threw open its financial pages to the "mass" salesman—advertising—for the purpose of educating the public *to buy bonds*. In other words it systematically developed a more active and wide-spread demand for high class securities among a vast public that otherwise might have utterly failed to realize the unparalleled opportunity for investment bargains recent financial market conditions afforded.

Financial advertisers were quick to see what cooperation of this kind signified, and how much it meant to them for a daily newspaper with the 400,000 circulation strength of The Chicago Daily News to preach such a gospel to its approximately 1,200,000 readers.

The Chicago Daily News

First in Chicago